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Vice-President Mondale (left) and Speaker of the House Thomas P. O'Neill applauding President Carter as he prepares to deliver his State of the Union address to Congress.

Vance Unable to Persuade Sadat To Resume Parley in Jerusalem

By Christopher S. Wren

CAIRO, Jan. 20 (NYT)—Secretary of State Cyrus Vance today failed to persuade Egyptian President Anwar Sadat to send his negotiating team back to the disrupted political talks in Jerusalem but secured his public pledge that "the door to peace is not closed."

Mr. Sadat wants to "let things cool a bit" before resuming peace talks with Israel in Jerusalem, a senior U.S. official said today, Reuters reported.

"We've hit a bump on the road," he said after Mr. Vance completed initial efforts to mediate in the dispute that caused the suspension of the talks this week between the foreign ministers of Egypt and Israel.

The official briefed journalists aboard the plane that took Mr. Vance from Cairo to Ankara for meetings with Turkish government leaders.

At a joint outdoor news conference following their private meeting at Mr. Sadat's residence on the Nile north of Cairo, the Egyptian President thanked President Carter and Mr. Vance for the "very genuine efforts that they have done in the last few days to bridge whatever differences have arisen between us and the Israelis."

But Mr. Sadat said that "the whole thing" must now be re-evaluated and indicated that the

minimum Egypt would accept to keep the peace process moving would be Israel's agreement to a declaration of principles embodying the two basic Arab demands—Israeli withdrawal from territory occupied in the 1967 war and the right of the Palestinians to self-determination.

The declaration had been under discussion in Jerusalem earlier this week when Mr. Sadat recalled his foreign minister, Mohammed Ibrahim Kamel, on Wednesday night on grounds that the Israelis were steering the talks into a "vicious circle."

Mr. Vance wants the two principles accepted before the negotiations on details. Israel insists on

negotiating even these from the start.

Mr. Sadat, standing alongside Mr. Vance in the garden of his residence, declined to disclose his next move, which he is expected to announce tomorrow at an emergency session of the Egyptian parliament. "I advise you to wait until you hear my speech," he said with a chuckle.

Not Understood

But he became agitated as he repeatedly accused the Israelis, and particularly Prime Minister Menachem Begin, of arrogance and said that "the spirit behind my initiative is not correctly understood among Premier Begin and his aides. For this, I think the peace process would be useless now to continue on false principles."

Swiss Put Sale Of Arms in 1977 At \$256 Million

BERN, Jan. 20 (UPI)—Swiss exports of weapons and other war material rose by 4 per cent in 1977 to \$13 billion Swiss francs (\$256 million), the government said today.

The total represented 1.3 per cent of total Swiss exports.

West Germany was by far the biggest customer for military material with purchases of 216 million francs.

Spain followed with purchases of 55 million francs, the Netherlands with 51 million francs and Austria with purchases worth 45 million francs, the government said.

Soviet Union Lifts Ban on Travel By Foreigners to Over 20 Towns

MOSCOW, Jan. 20 (Reuters)—In the first major revision of travel rules for over 10 years, the Soviet Union has added over 20 towns and cities to the list of areas open to foreigners, Western diplomats have disclosed.

The additions include the industrial city of Magnitogorsk, in the southern Urals, and at least nine towns in the Baltic states. The new regulations also set out by name newly "open" areas in the Moscow administrative region.

At the same time, a large chunk of territory on Soviet Kazakhstan's sensitive border with China has been sealed off. Foreigners have also been barred from Yedreyskaya, the Jewish autonomous region in the Soviet Far East, which also lies on the Sino-Soviet border.

On balance, the diplomats said, the rules mean a relaxation of restrictions on foreign travelers.

News of the changes came in a note issued to all embassies here early this month. Apparently intended to show Moscow's commitment to Helsinki pledges of freer movement and contacts, the note said the new rules were aimed at "extending the possibilities of travel within the territory of the U.S.S.R."

The new list still bars foreigners from vast areas of Soviet territory and a long list of cities including Sverdlovsk, Gorki, Perm, Omsk, Tomsk, Kirov, Saratov and Sevastopol.

Spain Grants Amnesty In '73 Premier Killing

MADRID, Jan. 20 (UPI)—A Madrid court today effectively closed the case of the 1973 assassination of Premier Luis Carrero Blanco, granting amnesty to the 14 persons charged in the bomb slaying. No trial was held.

The Basque separatist group ETA took responsibility for the killing. The court ruled that the slaying was politically motivated and that thus the defendants could be pardoned under the amnesty law passed last fall.

By Edward Walsh

WASHINGTON, Jan. 20 (WP)—President Carter, reporting to the nation after a year in the White House, called last night for "a new spirit" of partnership to help him achieve his multifaceted national agenda.

In his first State of the Union Message to Congress, the President sketched his plans for a \$25-billion tax cut this year and called for creating a Cabinet-level department of education and for a major overhaul of the federal Civil Service system.

But he said that the main task

- Speech draws little support in Congress, Page 3.
- Modest proposals fail to focus Carter priorities, Analysis, Page 3.

of his administration would be to revive the economy, even if it means sacrificing his goal of balancing the federal budget by 1980.

The Right Choice

"This year, the right choice is to reduce the burden on the taxpayers and provide more jobs for our people," Mr. Carter said.

Mr. Carter spoke to a joint meeting of the 95th Congress, which began its second session yesterday. He also submitted to Congress a 50-page document citing his administration's accomplishments last year and listing more specific proposals for this year.

Neither the President's speech nor his written report contained surprises or sweeping proposals for new government programs. But in a presentation that was moderate in tone and substance, Mr. Carter made some specific proposals closely designed to please politically sensitive groups.

Mr. Carter was interrupted by applause 43 times during the 45-minute, nationally televised speech.

One of the strongest rounds of applause came when he called for approval of the Panama Canal treaties, the President said and said, "I have to say that is very welcome applause."

TAXES—Proposed a \$23-billion income-tax cut in fiscal year 1979 of which \$17 billion would go to individuals and \$6 billion to businesses. The proposal also includes \$2 billion in reduction in excise and payroll taxes.

JOBS—Asked for an extension of funds for 725,000 public service jobs along with a \$700-million increase in funds to provide jobs for unemployed teen-agers. Also proposed a \$400-million effort to involve both private industry and labor unions in the training and hiring of the hard-core unemployed.

CITIES—Asked for \$2.85 billion, which is \$150 million more than this year, in aid to revitalize urban areas. Said he would consider extending federal lending assistance to New York City.

AGRICULTURE—Said he would propose an international emergency grain reserve of up to 6 million metric tons to help aid nations needing such assistance. Also said he would as required by law, provide \$7.3 billion in price support payments to farmers.

INTELLIGENCE—Intends to issue a "comprehensive" executive order that would govern the intelligence activities of the FBI, the CIA and other such organizations.

The President sought to highlight his priorities for the year in domestic policy, his still stalled national energy legislation and the state of the economy, and, in foreign policy, Senate approval of the proposed Panama Canal treaties.

Humly conceding that "on energy legislation we have failed the American people," Mr. Carter told the Congress: "We know we have to act. We know what we must do."

The tax cuts the administration

will propose would for the most part be effective Oct. 1 and would total \$17 billion for individuals—meaning, the President said, an annual saving of more than \$250 for a "typical" family of four.

Although Mr. Carter did not mention it in the speech, these tax cuts are thought by administration economists to be necessary to offset the effects of higher Social Security taxes and expected higher energy prices.

To deal with inflation, the President proposed a voluntary

program of asking business and labor to hold down wage and price increases.

Mr. Carter did not mention balancing the budget by the end of his term but asserted that "we can move rapidly toward a balanced budget—and we will."

Much of the speech had a cautious, conservative tone as the President stressed the limits he sees on government.

"We need patience and goodwill, and we need to realize that there is a limit to the role and

function of government," he said. "Government cannot eliminate poverty, provide a beautiful economy, reduce inflation, save our cities, cure illiteracy, provide energy or mandate goodness. Only a true partnership between government and the people can hope to reach these goals."

Foreign Policy

The President devoted only a small portion of his speech to foreign policy. He reiterated his commitment to seek a new strategic arms limitation agreement with the Soviet Union and to keep the United States actively engaged in the Middle East peace negotiations. But he placed the heaviest emphasis on the canal treaties.

Mr. Carter's presentation was made at a time of uncertainty for his presidency, with returning members of Congress and public opinion polls reporting an erosion in confidence in his ability.

In this political atmosphere, Mr. Carter sought to spell out what he sees as his role in the nation's future.

"Each generation of Americans has to face circumstances not of its own choosing, by which its character is measured and its spirit is tested." For some generations, this has meant war or other crisis, he said.

"There are other times when there is no single overwhelming crisis—yet profound national interests are at stake," the President continued. "At such times the risk of inaction can be equally great. It becomes the task of leaders to call forth the vast and restless energies of our people to build for the future... we live in such times now—and face such duties."

Declaring that he senses a "growing sense of peace and common purpose" in the country, Mr. Carter said that the lack of an overriding crisis presents the nation with "a rare and priceless opportunity to address the persistent problems which burden us as a nation and which become quickly and steadily worse over the years."

In State of Union Address

Carter Calls for Cooperation, Gives Economy Top Priority

Highlights of Message

FOREIGN POLICY—Emphasized his commitment to achieving Senate ratification of the Panama Canal treaties. Said he would continue to seek a new strategic arms limitation agreement with Moscow.

EDUCATION—Proposed a 14-per-cent increase in federal aid to education, more than \$1 billion, with much of the increase earmarked for poor and handicapped students. Also proposed a Cabinet-level department of education.

HOUSING—Proposed the expansion of a wide variety of federal housing programs that would, for example, increase from 2.6 million to 3.1 million the number of families receiving some form of rent assistance.

HEALTH—Will send Congress later in the year a proposal for national health insurance, although he said he was aware that it would not be enacted. Said the bill would open a "national debate" on the issue.

RESEARCH—Budget will call for an 11-per-cent increase in federal funds devoted to scientific research.

TRANSPORTATION—Will propose a comprehensive highway and transit program that would provide more than \$45 billion over the next four fiscal years.

Revised Economy Plan Includes Voluntary Inflation Curbs

WASHINGTON, Jan. 20 (UPI)—President Carter today cut some of his economic goals to more modest proportions and began a drive to combat inflation with voluntary cooperation from business leaders and workers.

Mr. Carter, in a message to Congress, characterized his economic blueprint as an ambitious but "realistic agenda for the future." He conceded that current problems of inflation and

unemployment "cannot be solved overnight."

The 22-page message outlined Mr. Carter's views and plans in greater detail than his State of the Union address last night and attempted to clarify for business, labor and individuals his basic economic philosophy.

Charles Schultze, Mr. Carter's chief economic adviser, said that the President's goal, announced in April, of reducing inflation to 4 per cent by the end of next

year had been "abandoned on the grounds that we thought that rate of reduction was probably unachievable."

The new more realistic goal, he said, is a reduction of one-half per cent each year. Last year's inflation rate was 6.2 per cent. Achieving the new goal would mean a rate of 5.2 per cent by the end of next year.

"We would consider that to be progress," Mr. Schultze said. He also said that national

economic growth should be between 4.5 per cent and 5 per cent in the next two years, compared to a previous forecast of more than 5 per cent.

Unemployment should be down to 5.5 per cent to 6 per cent by the end of next year, he said. The unemployment rate was 6.4 per cent last month.

Mr. Schultze also indicated that the President's aim of balancing the federal budget by 1981 may slip.

Mr. Carter said that his overall economic plan is required to "assure full restoration of prosperity." The basic components include:

• A package of tax cuts with a net reduction of \$25 billion to offset the effects of Social Security tax increases and inflation, which pushes taxpayers into higher brackets.

The package will be formally proposed to Congress tomorrow. Individual taxpayers would receive net benefits of \$17 billion and business would get \$8 billion. Another \$2 billion would be cut from federal excise taxes on telephones and from federal unemployment insurance rates.

If Congress approves, most of the tax cuts would take effect Oct. 1.

• Budget requests for expanded job programs. A new program would allocate \$400 million to provide employment opportunities in the private sectors for youths and the disadvantaged.

• An anti-inflation program which replaces the fight against inflation that Mr. Carter announced in April. The new drive is based on the "presumption that prices and wages in each industry should rise significantly less in 1978 than they did on average in the past two years," Mr. Carter said.

The idea is for the administration to hold informal discussions with firms and groups of workers to discuss "concrete steps" to hold down inflation. Wage-price controls and so-called "guidelines" were discarded as unworkable.

Mrs. Gandhi Cited For Contempt

NEW DELHI, Jan. 20 (UPI)—A special investigating commission filed criminal contempt charges against former Prime Minister Indira Gandhi today.

Mrs. Gandhi was charged in Magistrate's Court with refusing to swear an oath and refusing to testify before the single-member commission of retired Supreme Court Chief Justice J.C. Shah that is investigating her emergency rule.

If convicted, Mrs. Gandhi, who ruled India for 11 years, could be jailed for a year and fined 1,000 rupees (\$250).

2d Worst Storm in 30 Years

N.Y.C. Barely Stays Open Under Foot of Snow

NEW YORK, Jan. 20 (AP)—New York City slid to a virtual halt today as one of the worst storms in years all but closed the city.

Schools and businesses closed, the area's three airports were shut, mass transit slowed to a crawl, and motorists trying to get to work were stranded on snow-clogged roadways in and around the city.

Businesses, ranging from newsstands to the offices of some of the largest U.S. corporations and banks, were unable to open. The two major stock exchanges opened two hours late and closed early, and smaller exchanges announced that they would not even try to operate.

Police estimated that hundreds of persons were stranded on the Long Island Expressway, one of the main routes into the city, before police shut the road and began helping those stuck in their cars.

Thirteen inches of snow fell by noon. Forecasters predicted close to two feet in all, unless the snow changed to rain or sleet.

Snowfall outside the city was even heavier. Thousands of city-bound commuters were stranded on suburban roadways made impassable by drifts.

The Long Island Railroad, which ferries more than 100,000 commuters to New York City daily, was shut shortly after 8 a.m.

A barge loaded with more than 6 million gallons of crude oil was shifted in 16-foot seas off the coast of Atlantic City, N.J. Gale winds ripped a bulk carrier



A New Yorker skiing to her office on Third Avenue.

from its anchorage in Boston harbor. A commercial fishing boat sank off the coast of New Hampshire after the four persons who had been aboard were removed by the Coast Guard.

Some New Yorkers found ways to get around. Several were

skating in front of St. Patrick's Cathedral on Fifth Avenue.

The 13 inches of snow by midday made the storm the second worst in 30 years. The worst one was on Feb. 10, 1968, when 15.3 inches of snow fell.

Thousands of residents of Long Island, where 300,000 residents lost electrical power during last weekend's storm, were hit with new outages.

All state and federal offices in the metropolitan area were closed and some county offices were closed.

The New York Stock Exchange announced that it would delay its opening for an unsuspected time, and the American Stock Exchange said that it would open at noon. Four smaller exchanges closed for the day. Many offices were also closed.

Kennedy, LaGuardia and Newark Airports were closed, and there was no indication when they would reopen.

Washington Also Hit

Commuters in Washington were slowed as rain and sleet turned five inches of snow into a slushy mess. Dulles and National Airports reported delays in flights. The worst of the storm had passed, however, by this morning.

In Philadelphia, 10 inches of snow fell within 12 hours, closing the city's airport, public and parochial schools and state offices. State buildings in Pittsburgh and Harrisburg also were shut.

However, warmer air from the south was turning the snow to rain.

(Continued on Page 2, Col. 6)

A White S. African Woman's Journey Into Apartheid

CAPE TOWN, Jan. 20 (AP).—A 44-year-old white woman has been ordered off "whites only" buses, treated as a black maid and has a broken marriage because her skin has turned progressively darker in recent years. Rita Hoefling says that she is shunned by friends and society and that her husband and son have left her because of her condition.

"Now I know what apartheid is like at its worst," she said in an interview published in the Johannesburg Star.

Mrs. Hoefling's skin color started to change in 1974, and doctors discovered that she had a brain tumor.

An operation to remove the tumor was regarded as risky because she had undergone an adrenal gland operation in 1969 and also had cobalt radiation treatment which weakened her, the newspaper said.

Cause Not Clear

She also takes cortisone drugs every day "to stay alive" after the removal of both adrenal glands. It was not clear whether the drugs or tumor or some other factor caused the darkening of her skin.

"I'm ready to scream," she said in the interview. "I cannot



Mrs. Rita Hoefling, as she appeared about 10 years ago (left) and as she is now, with a darker skin.

even begin to count the number of times I've been ordered off buses by conductors saying that coloreds were not allowed on."

She said that the bus company issued her a special card to show bus drivers to prove that she is white.

"But even that doesn't help and leads to terribly embarrassing situations," she said.

"This week I got on a bus coming from Groote Schuur Hospital where I have a job as an unpaid voluntary worker and the driver told me to get off. He said he wasn't interested in my special card."

She said that her 16-year-old daughter, who attends school in suburban Garden of Eden, came

home in tears recently because the driver of a "whites only" bus had recognized her from times she had accompanied her mother on the same route and had ordered her to get off the bus.

The white-owned newspaper for blacks in Johannesburg, the Post, deplored Mrs. Hoefling's situation in an editorial today.

"Little wonder that people all over the world place so little faith in a country which claims that it is moving away from racial discrimination," it said.

"If only all whites could experience the agonies of Mrs. Hoefling, how quickly the situation would change in this country."

Mrs. Hoefling said that her son had gone to Durban and she hadn't seen him in four years "because he was embarrassed at the change in his mother." She also said that her husband had left her in April of last year.

She said a door-to-door salesman asked her if he could see the "monster."

"When I told him it was my house he said he did not like a sarcastic maid," Mrs. Hoefling said.

She said it is likely that she will get even darker in the future.

Sadat Underestimated Chasm Between Warring Cultures

By Henry Tanner

JERUSALEM, Jan. 20 (NYT).—Pressure tactics and psychological warfare, simple misunderstandings, personal animosity, a clash between two cultures, and collision of conflicting national interests appear to be the elements in President Anwar Sadat's decision Wednesday night to break off or at least suspend the Egyptian-Israeli peace talks.

The President's sudden move is rarely the result of sudden impulse. More often the decision is made after brooding and contemplation.

Mr. Sadat had become deeply disillusioned last week with the negotiations. He twice predicted failure of the Jerusalem talks even before his foreign minister, Mohammed Ibrahim Kamel, left Cairo. "There is absolutely no hope" of agreement, Mr. Sadat said.

The Egyptians and Israelis had entirely different concepts of what the negotiations should be. That was the basic trouble. The Egyptians asked for acceptance of a set of principles on which a comprehensive settlement of the Middle East conflict should be based. They named complete Israeli withdrawal to the 1967 lines and self-determination for the Palestinians on the West Bank and in the Gaza Strip as two of the principles.

These principles were just and fair, have been accepted by the international community and only their implementation was negotiable, the Egyptians said. The Israelis answered bitterly that this amounted to an attempt to "impose conditions" before the negotiations started.

The nature of the misunderstanding emerged clearly from statements on both sides.

"The Israelis don't realize that we didn't come with an artificially inflated bargaining position that could be whittled down," said Osama Bader, a key member of the Egyptian delegation.

The Jerusalem Post wrote: "If the Egyptians entered the talks not in order to 'bargle' but to secure traditional Arab demands, then Egypt has simply chosen the wrong entry. Negotiation that does not involve give-and-take does not deserve the name."

The Israelis underestimated Mr. Sadat's determination not to enter into bargaining about territory, "my land," as he called it—and the rights of the Palestinians.

The Egyptians failed to understand just how difficult political and psychological it was for the government of Prime Minister Menachem Begin to accept the idea of complete withdrawal from the West Bank and Gaza and even from the Sinai.

Mr. Begin's pre-conference declaration that he would rather resign than give up the dozen small settlements in the Sinai stunned the Egyptians. It is thought to have been a major factor in changing Mr. Sadat's view of the negotiations. As the Jerusalem Post reported, the Egyptian leader had genuinely believed that by coming to Jerusalem in November he had given Israel what it wanted most—namely, "acceptance, recognition and security."

The headline over the article in the Israeli newspaper read: "Sadat and Begin—Minds That Don't Meet."

After the failure of the Begin-Sadat Christmas summit in Jerusalem, however, the fast-moving peace initiative bogged down and here in Jerusalem this week the parties were once more conducting traditional negotiations with heavy emphasis on semantics.

The Egyptians have been complaining here about what they consider the Israelis' exaggerated

preoccupation with detail and procedure. This is not a new complaint. Egyptian negotiators often are impatient. Israeli negotiators, the former Egyptian foreign minister, used to complain that it was "painful to negotiate with the Israelis. They are spending weeks on details that are not worth five minutes of anybody's time, he said after the conclusion of the second Sinai agreement."

The difference is a matter of institutions as well as temperament. Under Egypt's presidential system, Mr. Sadat can make quick decisions involving national interest between two puffs of his pipe. He does not have to consult his cabinet or parliament.

An Egyptian negotiator, it seems, had underestimated the domestic political constraints on Mr. Begin, who has to deal with Cabinet, the parties and a highly politicized public opinion. Mr. Begin, however, has shown an understanding of Mr. Sadat's

problem within the Arab world. The Egyptian President lives in a glass house, and each of his moves is watched by the other Arab leaders.

When Mr. Begin spoke patently to Mr. Sadat's foreign minister at the dinner here Tuesday night, the Egyptians were offended. "This is not how a host treats his guest, one said. Their ill feelings stem largely from fear that the other Arabs would see the incident as a deliberate humiliation of the Egyptian foreign minister by Mr. Begin."

Egyptian journalists recalled that Mr. Begin has shown a similar lack of sensitivity in Israel when he asked a joint press conference that Mr. Sadat, no less than he, was a possible target for Palestinian bullets and when he claimed that Mr. Sadat had agreed with him on the origins of the 1967 war.

"He was lived next to us for 40 years but he knows nothing

about how he felt, an Egyptian journalist said.

Concern over the reaction of other Arab leaders is believed to have influenced Mr. Sadat's move. The Egyptian President is believed to have that U.S. mediation would lead to a compromise on Palestinian self-determination and Israeli withdrawal that would be unacceptable to other Arabs. Faced with this danger, this theory goes, Mr. Sadat decided to pull back.

Egyptian officials, long before the start of the Jerusalem talks, had hinted that Egypt would suspend the negotiations whenever necessary to restore flagging Egyptian bargaining power.

The reasoning was that the average Israeli relished the prospect of peace that the Sadat initiative had opened in November, and that public opinion in Israel therefore would bring pressure on the Begin government whenever that prospect diminished.



President Anwar Sadat conferring in Cairo Friday with Secretary of State Cyrus Vance and President

Dayan Fears U.S. Pressure

Israel Rejects Egypt's Demands for Pullout

TEL AVIV, Jan. 20 (UPI).—Israel today rejected Egypt's repeated demands for total withdrawal from Arab territory as a precondition for the resumption of the stalled Middle East peace talks.

Foreign Minister Moshe Dayan, responding to Egyptian President Anwar Sadat's demand for a change in the Israeli negotiation position, said:

"I think that if he persists in his demand that the Israeli government announce in advance, before the negotiations, that it is dismantling the settlements and military airfields and is pulling out of the Golan Heights and Jerusalem, I think the Israeli response will be in the negative."

Mr. Dayan said that he was concerned that Israel may encounter U.S. pressure to soften its stance to salvage the Israeli-Egyptian foreign ministerial talks, but expressed confidence that Israel will be able to stand up to it. He made his remarks in a nationally televised interview.

"Very concerned," Mr. Dayan said.

"It is possible that we will have a confrontation and face American demands that are unacceptable to us, but then we shall stand up to it. I think we can withstand that," he said.

Mr. Dayan said that Israel's

decision on whether to resume the peace talks will be made Sunday by the Israeli government.

That response would depend on a report on the Sadat-Vance talks that Assistant Secretary of State Alfred Atherton will give the Israeli leadership when he returns to Jerusalem tomorrow.

Government officials said that they are unaware of any plans by Secretary of State Cyrus Vance to return to Israel after his talks in Turkey. They did not rule out a possible summit between Mr. Begin, Mr. Sadat and President Carter.

Mr. Dayan described as absurd Mr. Sadat's demands for an Israeli pullout from the occupied Syrian Golan Heights.

"He is making an absurd demand. You can count on me for your security, including the Golan Heights," in view of his present relations with Syria, he said.

Mr. Dayan also dismissed Mr. Sadat's accusations of Israeli arrogance and verbal high-handedness. "Of all the people in the world, Sadat has the least right to complain," he said, citing references by Egyptian spokesmen to Prime Minister Menachem Begin as "Shylock" and the Egyptian leader's tough interview in the October magazine. Shylock is the relentless Jewish moneylender in Shakespeare's "Merchant of Venice."

Mr. Dayan said that Israel's

Barre Sees Teng In First Talks Of Peking Visit

PEKING, Jan. 20 (Reuters).—French Prime Minister Raymond Barre had his first talks with the Chinese government today and said there had been a broad convergence of views on international issues.

Mr. Barre, on a five-day official visit, later held a wreath at the Mao Tse-tung mausoleum, where the Chinese leader's body is enshrined in a crystal sarcophagus.

After 2 1/2 hours of talks with Chinese Vice-Premier Teng Hsiao-ping, Mr. Barre was quoted by informed sources as saying both nations shared a common desire for national independence and a common will to work for peace.

The sources gave no hard information on discussions about fighting between Vietnam and Cambodia, but said Mr. Teng had not blamed either side in the dispute.

On Sunday, Mr. Barre is due to meet the widow of Premier Zhou En-lai, Mrs. Teng Ying-chao, whose current visit to Cambodia has raised speculation of possible moves to bring the two sides to the negotiating table.

Egyptian Office Hit

BERLIN, Jan. 20 (UPI).—A bomb exploded at an Egyptian travel bureau late yesterday, causing damage of about 20,000 Deutsche marks (\$8,400). West Berlin police said today. No one was injured.

Dental Repeated

MOSCOW, Jan. 20 (Reuters).—The Soviet Union issued a fresh denial today that it is helping plan an invasion of Somalia. That said that Somali leaders evidently did not want to halt their "stream of fabrications" about invasion plans.

Andreotti to Seek Informal Links With Reds

By Paul Hofmann

ROME, Jan. 20 (NYT).—Premier-designate Giulio Andreotti was instructed by the directors of his Christian Democratic party today to seek an accommodation with the Communists short of their direct participation in his proposed new government.

Mr. Andreotti is due to start formal negotiations with the Communist party and other political groups on Monday to seek their help in forming a Cabinet. He and his ministers resigned last Monday, and President Giovanni Leone entrusted the outgoing Premier last night with attempting to set up a new administration.

Mr. Andreotti's resignation was caused by the Communists' request for an official role in a "national emergency government."

The demand caused concern at home and abroad, especially in Washington.

The Communist party said it wanted to share government responsibility because only a broadly based, efficient administration was capable of restoring law and order and lifting Italy out of its economic slump.

The government crisis was preceded by weeks of political violence and terrorism in urban areas, especially here.

Clash in Rome

After few days of seeming calm here, unrest has broken out again in the capital. Last night, neo-Fascists threw Molotov cocktails at police vehicles and commandeered three municipal buses in an attempt to block traffic.

During the night, other incidents occurred in various districts of Rome. An outdoor meeting scheduled for tomorrow by the Students' Movement, a group to the left of the Communist party,

9 Drown in Java

JAKARTA, Jan. 20 (Reuters).—At least 19 persons drowned when a ferry sank in the Solo River in central Java, it was reported today.

The Christian Democratic directorate decided today that Mr. Andreotti would be joined in his talks with representatives of other parties by former Premier Aldo Moro and by Benigno Zaccagnini, the political secretary of the Christian Democrats.

Both men have good relations with the Communists. Mr. Moro is a leading candidate for the post of head of state when the seven-year term of Mr. Leone runs out late this year.

No Clear Indication

The Communist party gave no clear indication today of whether it was amenable to considering continued de facto cooperation with Mr. Andreotti without gaining ministerial posts in the Cabinet he will attempt to form.

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Guerrilla Amnesty Offered

SALISBURY, Rhodesia, Jan. 20 (UPI).—Rhodesia offered today to grant amnesty to any guerrillas who return to the country in peace. It was the first time since the guerrilla war broke out five years ago that the government has made such an offer nationally.

is worrying the authorities because earlier demonstrations by the movement have ended in violence and widespread vandalism.

Ferment was again reported from other Italian cities. In Bologna, which has a Communist administration, far-left students clashed with the police and mauled a reporter of the Communist party newspaper L'Unita.

The checks, illustrated with a painting of China's Great Wall, were sold by the Bank of China and its affiliates in denominations of 50 rmbmbis (about \$30) and 100 rmbmbis.

Bank of China officials in Peking said that the checks are aimed at easing the overcrowding at the bank's exchange counter on Hong Kong's border with the country.

A U.S. spokesman said last night that Mr. Young would fly to London on Monday to meet Mr. Owen before they go to Madrid for talks with Josias Nkomo and Robert Mugabe. The talks discussions begin on Thursday.

Mr. Owen said Mr. Young visited several African capitals last year in an effort to secure agreement on a British-U.S. plan for a peaceful transition to black majority rule in Rhodesia.

Rhodesia Widens Draft

SALISBURY, Rhodesia, Jan. 20 (UPI).—Rhodesia today widened residence and military call-up qualifications and announced that any man living in the country longer than six months will be liable for army duty. Only new immigrants to Rhodesia will be exempt from military duty for two years.

Guerrilla Amnesty Offered

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The Trotskyite Popular Democratic Union—the only extreme left group to hold a seat in the Legislative Assembly—called for a general strike. This is a serious threat to the workers' party spokesman said. "The entry of the Center Democrats into the government signifies a major attack against our liberties, a higher cost of living and more unemployment."

Editorial Protest

The Communist newspaper O Diaro said, "When will the Socialists open their eyes to see that this shameful policy of an alliance with the right negates the principles and program of their own party and endangers the future of democracy and our national independence?"

The agreement between the Socialists and conservatives yesterday ended a 41-day-old crisis and will allow formation of a new government to proceed.

It was the first time that the conservatives have been invited into a government since the start of Portugal's revolution four years ago. Followers said that the party would restore three national port folios as well as several lesser posts.

Socialist leader Mario Soares, who will form the government as premier, said that he would consider the composition of the cabinet during the weekend in anticipation of talks with the conservatives on Monday.

Official of Closed Bank Is Arrested in Geneva

GENEVA, Jan. 20 (Reuters).—A senior partner in a small private bank here, which was closed in May after running into financial difficulties, has been arrested in connection with the business, police said today.

Robert Leclerc, 60, of Leclerc and Co., was arrested last night and was to be questioned later today, a justice official said. Shortly after the bank was ordered to close, one of the partners committed suicide, and a former partner was found drowned in Lake Geneva.

Bank of China

Begins Sale of

Travel Checks

HONG KONG, Jan. 20 (Reuters).—Chinese travelers' checks went on sale today here and in Macao for the first time in a move certain to make life easier for foreign tourists and businessmen visiting China.

The checks, illustrated with a painting of China's Great Wall, were sold by the Bank of China and its affiliates in denominations of 50 rmbmbis (about \$30) and 100 rmbmbis.

Bank of China officials in Peking said that the checks are aimed at easing the overcrowding at the bank's exchange counter on Hong Kong's border with the country.

A U.S. spokesman said last night that Mr. Young would fly to London on Monday to meet Mr. Owen before they go to Madrid for talks with Josias Nkomo and Robert Mugabe. The talks discussions begin on Thursday.

Mr. Owen said Mr. Young visited several African capitals last year in an effort to secure agreement on a British-U.S. plan for a peaceful transition to black majority rule in Rhodesia.

Rhodesia Widens Draft

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Vance Unable to Get Sadat To Resume Jerusalem Talks

(Continued From Page 1)

real and said before Mr. Vance left for Cairo and flew on to Ankara tonight.

Mr. Vance played a largely supporting role during the news conference as Mr. Sadat fielded most of the questions with vigor, even aggression. The secretary of state largely restricted his remarks to promising that the United States would continue to work with both the Israelis and Egyptians. "As President Sadat indicated, the door to peace is not closed. We all have the same objective of achieving a just and lasting peace," Mr. Vance said.

The secretary of state said his deputy, Alfred Atherton, Jr., would be returning with two or three other U.S. officials to Jerusalem, where the talks are in limbo. Mr. Sadat said that his guest had brought a U.S. proposal which "we shall be studying and will be in contact."

The contents of the proposal were not disclosed.

Mr. Vance and Mr. Sadat agreed that the biggest obstacle was still the question of the Palestinians. Mr. Vance acknowledged "that is one in which the differences remain and is the most difficult of the issues."

Israel has resisted Egypt's bid for Palestinian self-determination and has proposed in turn a limited form of self-rule on the occupied West Bank and in the Gaza Strip.

When President Carter met Mr. Sadat briefly at Aswan earlier this month, he moved closer to the Egyptian position by saying that a solution must "enable the Palestinians to participate in the determination of their own future," a formula-

tion that Mr. Vance echoed today.

Mr. Sadat treated the Jewish settlements as an Israeli device to block progress on larger issues such as the Palestinians. "What worries me really is this. The whole approach to peace is being twisted because we are losing time on discussing, for instance, the settlements problem, and we shouldn't lose any time on it because, as I said, it is a joke," he said.

The storm moved north into New England, chasing schools and businesses in Massachusetts and Rhode Island. Up to two feet of snow was expected in Rhode Island and a foot had fallen by noon. In Boston, snow was falling at the rate of 2 to 3 inches an hour.

Storms also battered the Midwest and another was brewing in the Southwest, indicating more snow for Texas.

A storm moving up from the South yesterday caused thunderstorms and tornadoes in Florida. At least 11 twisters in Florida downed power lines and caused property damage, but no injuries were reported.

Heavy snow warnings were posted in New Mexico and the central mountains of Arizona. Texas hit by its second snow-sun-and-thunder of the winter, brewed for the system to move in later today.

Snowstorms In the U.S.

(Continued From Page 1)

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At Lavish Dinner for Reporters

Tongsun Park Gives His View Of Lobbying, Inquiry by U.S.

By Nicholas Horrocks

SEOUL, Jan. 20 (NYT).—The candlelight from two silver mounted hurricane lamps flickered over the faces of his guests as Tongsun Park, South Korean millionaire and renowned Washington lobbyist, explained the intricacies of a polygraph test.

The FBI agent, a nice fellow, really, Mr. Park said, placed wide bands of rubber over his chest and stomach, and checked his fingertips and palms to see if moisture revealed a lie. This was not so bad, Mr. Park said, but the wide band placed on his upper left arm to take his blood pressure was often too tight and out of the circulation to his hands.

When one polygraph session lasted more than an hour, he said, he and his U.S. lawyer, William Humbley, felt it was too long and complained. Later sessions, he said, were shorter and more comfortable.

A 'Good Ambience'

It is important that neither the tone of the polygraph tests nor the interrogations be stiff and tense, Mr. Park said, and he felt that he had done much to create what he called a "good ambience" at the sessions.

"The Koreans were taken aback if I trust my lawyer," he said when I laughed and joked that you must be serious. Instead, he recalled, after one polygraph test Mr. Humbley asked him, "What did they ask you?"

And "I said, 'oh, they asked me if I had any money.'"

Mr. Park entertained several U.S. correspondents at dinner party here yesterday, and he acknowledged that he hoped to tell them things about himself that would make their coverage of his plight more sympathetic.

His remarks were on the record but taking notes or making tape recordings was discouraged. Mr. Park would not discuss the substance of his testimony.

Mr. Park entertained at his villa from cocktails through 13 courses of Chinese and Korean food set off with wine and champagne, he was the lavish host.

A 'Tragedy'

He talked about the feelings of a foreign national who finds himself under a 36-count felony indictment in the United States and hopes to trade information for immunity.

It is, he said, both a "personal tragedy" and a tragedy in the relations between the United States and South Korea. And when he must return to the United States to "testify against

my friends or for them... it will be a sentimental journey, but one I am not looking forward to."

He did not blame the U.S. congressmen involved in his lobbying. Indeed, he said that many in Congress were overworked and underpaid.

Moreover, Mr. Park maintained, lobbying was built into the U.S. system — "labor unions, teachers' associations" all do it, so "why shouldn't foreign companies?"

Agent Role Denied

Even though his lobbying was favorable to South Korean interests, he was not, he maintained, a secret agent for his government. "You probably think I parachuted into Rockville [a Washington suburb] with a sack on my back," he said. "But that is not the case."

He would not rule out that his government might have been "using him."

He said that at no time did he believe that his payments to U.S. congressmen were wrong or illegal, or that the congressmen were acting illegally in accepting his largesse.

He said that he believes that the Department of Justice investigation of him arose from the envy in the U.S. diplomatic service when members of the U.S. mission here, particularly former Ambassador Philip Habib, realized that Mr. Park wielded more influence in Washington and Seoul than did the traditional diplomatic representatives.

By the same token, he said, the Korean ambassadors to Washington were "not competitors" and caused "no problems."

It was Mr. Habib, he said, who got U.S. Justice officials to investigate him and secretly urge the South Korean government not to let him return to the United States.

Other Funds

Mr. Park added that as a "Korean boy" arriving in Washington's social "400" he realized there was always suspicion that his wealth might come secretly from the Korean government. But Mr. million a year without Korean government funds or the approximately \$4 million he got in commissions from rice sales.

Mr. Park pointed out that he had a 2,000-employee organization, Miryung Navigation Co., with interests in the Middle East, South Korea and the United States.

He believes, he said, that he was tested unfairly by the news media as they reacted to the allegations of South Korean influence buying. He did not attack particular reporters, but he related an incident in which Washington Post reporter Maxine Cheshire attempted to interview him in London under a subterfuge that she had his lawyer's permission. He deplored this method, he said, but contained his criticism.

Mr. Park said that he hoped, "when all this is over," to return to the United States to live.

Since leaving Washington in the fall of 1976, he has received approximately 150 letters from strangers who are interested in his case. One letter from an Arkansas church asked him, "Could you send \$30,000 by return envelope?"

The choice could influence future ATO weapons cooperation and affect billions of dollars in arms purchases.

Opposition in Congress

The selection may also spark a battle in Congress. The chairman of a House Armed Services investigation subcommittee has said he suspects that international pressure was applied in support of the West German gun.

The sources said that the announcement of the German smooth bore 120-mm gun over the British rifle bore 120 mm and the U.S. 105-mm weapon will be made without any firm date for placing the weapon on the XM-1.

They said that the Army may intend the German gun on the XM-1 in 1984 after about half of the proposed 3,300 U.S. tanks have been built.

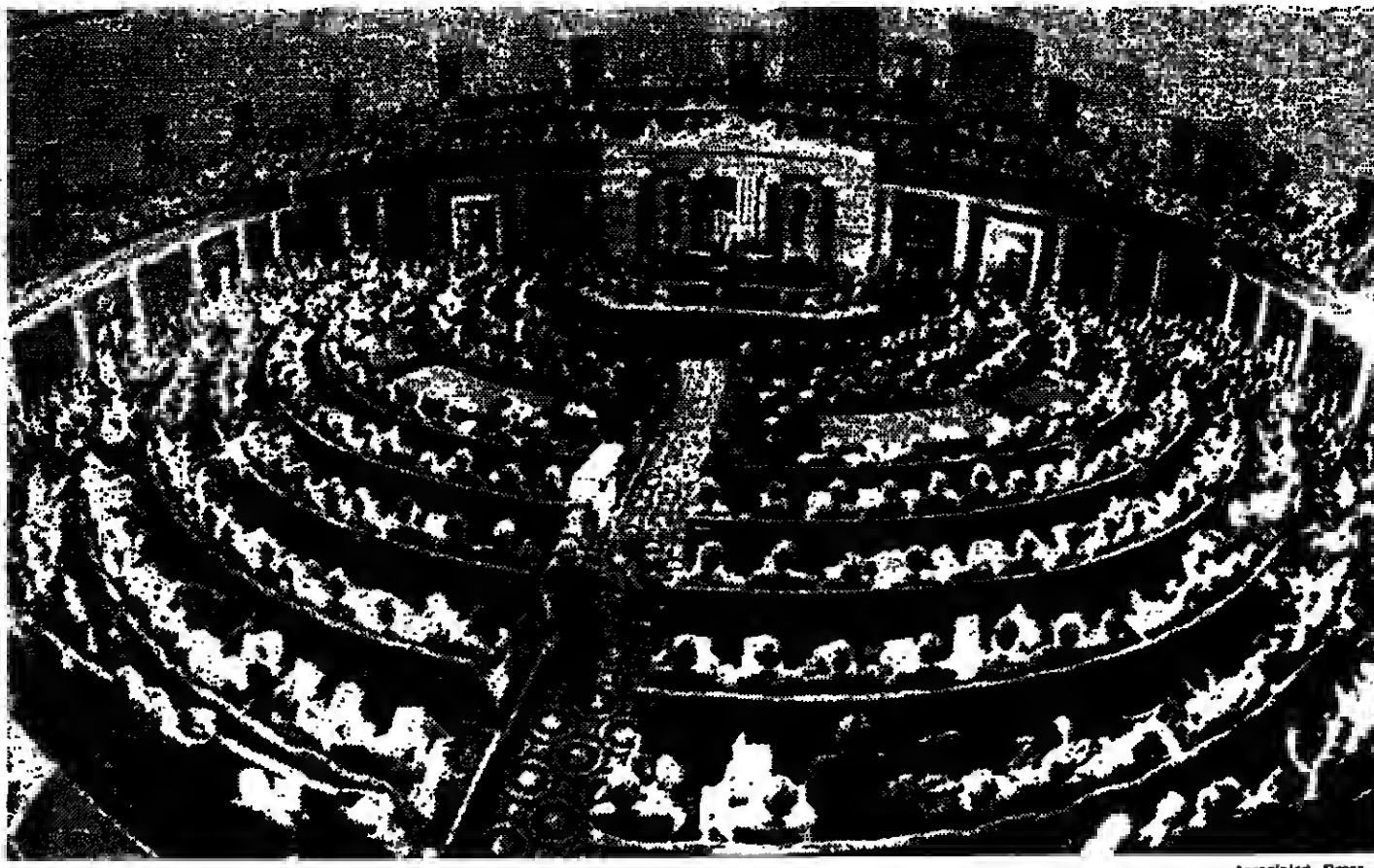
But, because of technical uncertainties involving the gun and its advanced combustible cartridge ammunition, no firm date can be set for this, the sources said.

7 Park Foes Urge Boycott of Vote

SEOUL, Jan. 20 (AP).—Seven prominent South Koreans urged the opposition parties yesterday to boycott the re-election of President Park Chung Hee.

The seven, led by former President Yun Po Sun, 70, also called for abolition of the Constitution decreed by Mr. Park under martial law in 1972, restoration of press freedom and the release of all "prisoners of conscience," including former presidential candidate Kim Dae Jung.

Mr. Park has been in power since 1961, and his current six-year term expires this year. General elections are to be held to choose an electoral college which will then re-elect him. Under the 1972 Constitution, he can serve an unlimited number of terms.



The chamber of the House of Representatives as President Carter delivered his State of the Union address.

News Analysis

President's Goals, Priorities for U.S. Not Put Into Focus

By Hedrick Smith

WASHINGTON, Jan. 20 (NYT).—The state of the nation, as President Carter proclaimed last night, is "chastened but proud"—an apt summation of his own state of mind and the state of his presidency as he begins his second year in the White House.

In his address to Congress and the country, Mr. Carter invoked the deeds of earlier presidents—Lincoln, Franklin Roosevelt and Truman—but his own proposals for the year ahead were modest in substance and couched in caveats about the limited role and function of the federal government.

Even his reference to the need for "partnership between those who lead and those who elect" could be read as an indirect recognition that after a year of futile feuding with Congress, he now feels the need for a better political partnership with Capitol Hill.

Yet if Congress was looking to the State of the Union address for a clearer delineation of the President's priorities, as congressional leaders have often urged, Mr. Carter did little to sharpen

the focus of his own objectives or his public philosophy.

A Familiar List

After a year in which he has been criticized for vagueness and a stance between the traditional liberal activism of Democratic presidents and the conservative Republican suspicion of the federal government, Mr. Carter offered no succinct and memorable statement of his vision for the future of the United States.

Methodically and characteristically, he ticked off a familiar list of proposals—his energy program, tax reduction and reform, welfare reform, more jobs for disadvantaged youth, economic growth led by the private sector, a voluntary approach to checking inflation, ratification of the Panama Canal treaties, a strategic arms accord with the Soviet Union, and promoting peace in the Middle East.

To these he added the promise of Civil Service reform, a reduction in government red tape and efforts to reorganize the federal bureaucracy. But he eschewed bold departures or a single rhetorical flourish that would

capture the essence of his programs.

His was an address in the modern mold, subdued and matter-of-fact rather than an echo of inspirational moments in the past.

Other presidents have used their State of the Union addresses to summon the nation to arms or to swing history into a new era.

In 1823 James Monroe proclaimed the Monroe Doctrine, warning European powers to keep their hands off the Americas. In 1861, Abraham Lincoln proclaimed his determination to save the Union. In 1901, Theodore Roosevelt launched his trust-busting campaign and, two years later, justified the seizure of the Panama Canal Zone.

Unintentionally, James Polk set off the Gold Rush in 1848 by confirming the discovery of "an abundance of gold" in California. More purposefully, Woodrow Wilson chose his 1918 address to set out his 14 points for peace with Germany. And in 1941, Franklin Roosevelt, sensing the imminence of World War II, proclaimed the need for bolstering U.S. defenses.

Issues Tough, New Rules

U.S. Moves to Curb Arab Boycott Cooperation

By Robert A. Rosenblatt

WASHINGTON, Jan. 20.—U.S. companies working in the Arab world face substantial problems under a series of tough regulations issued yesterday by the Commerce Department to implement the federal anti-boycott law.

The regulations will prohibit several practices commonly used by U.S. companies to obey the Arab nations' economic blacklist of certain firms trading with Israel.

The Arab countries boycott companies with factories or plants in Israel and firms making a major contribution to the Israeli economy. Ford, Xerox and Coca-Cola, for example, are on the Arab blacklist.

A blacklist is strictly enforced in Saudi Arabia and Kuwait, countries rich with oil revenues. Egypt, a comparatively poor nation needing foreign capital, boycotts some companies on the blacklist but not others. For example, Egypt will allow Ford to build a truck plant in Alexandria, and Coca-Cola plans to develop citrus groves near the Suez Canal.

U.S. oil companies and construction firms active in the lucrative Saudi Arabian market fear that they will lose business if U.S. law makes them break Saudi blacklists.

The regulations will provide for strict enforcement of the anti-boycott law. It bars companies from following the Arab black-

list of commercial firms involved with Israel.

The regulations will eliminate a common contract provision used by U.S. companies in the Middle East to avoid dealing with blacklisted firms in the United States.

A contract with a supplier in the United States commonly requires the supplier to assume the loss if his goods are confiscated at the border because of local blacklists.

This "risk-of-loss" provision effectively prevented any company on the Saudi blacklist from bidding on contracts for U.S. work in Saudi Arabia. The rules will prohibit "risk-of-loss" clauses in contracts.

The rule will "go far toward ending American participation in the boycott," said Rep. Benjamin Rosenthal, D-N.Y., a sponsor of the anti-boycott legislation.

The Commerce Department rules give the following guidelines for U.S. companies in the Arab world:

• A firm can obey local boycotts and blacklists with merchandise ordered for its own use. For example, Mobil Oil could refuse to buy Xerox copying machines for Mobil Oil offices in Saudi Arabia.

• A company cannot obey a blacklist in doing work for others. If a U.S. firm is building a telephone system for Saudi Arabia, it cannot automatically refuse to buy switching equipment from a U.S. company on the Arab blacklist.

• U.S. firms cannot use any "artifice or device" that would discriminate against another U.S. company solely because it appears on an Arab blacklist.

• Firms engaged in construction projects can obey the blacklist on basic building items such as cement, walls and wiring. But U.S. companies cannot obey a local blacklist when they buy furniture, supplies or equipment for the building. All companies, including those on blacklists, must be given a chance to bid for the business.

On Dec. 22, 35 persons were killed when a 250-foot elevator exploded in Westwego, Ill. Five days later, 18 persons were killed in a blast at a 250-foot dock-side grain elevator in Galveston, Texas.

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Some Plans Face Revisions

Carter Speech Fails to Kindle Vital Congressional Support

By Martin Tolchin

WASHINGTON, Jan. 20 (NYT).—Congress reacted with only limited enthusiasm to President Carter's speech last night, as members indicated that their positions on various proposals crossed party lines.

There was general agreement that many of the President's more controversial proposals would be modified significantly in Congress.

Although the speech was punctuated by applause, much of it was begun by administration partisans in the galleries. Sen. Lowell Weicker of Connecticut was the only Republican senator to join in the applause on Mr. Carter's plea for ratification of the Panama Canal treaties.

On the floor, some members seemed to doze, while others repressed yawns.

"It wasn't the kind of speech that makes people jump to their feet," said Sen. Robert Byrd, D-W. Va., the majority leader, "but it is a good, well-balanced statement." "It was low key, but direct," said Sen. Alan Cranston, D-Calif., the majority whip.

Sen. Carl Curtis of Nebraska, chairman of the Senate Republican Conference, found the speech "pretty general in its nature," and added "I'm sorry that he put such emphasis on Humphrey-Hawkins [full employment legislation] and the Panama Canal, and not on the agricultural crisis."

Speaker Thomas O'Neill Jr. said that "I have very, very high hopes" that Mr. Carter's legislative agenda would be enacted.

Stressing the partisan overtones of the President's tax-cut proposal, the speaker said, "We don't intend to give Republicans an issue that we were a tax Congress, the 96th Congress, were going to come in with an overall tax reduction."

The tax issue divided Democrats as well as Republicans, with Oregon Democrat Al Ullman, chairman of the House Ways and Means Committee, and Wisconsin Rep. Henry Reuss, chairman of the House Banking Committee, using a more cautious approach.

Sen. William Roth, R-Dele., said that Mr. Carter had proposed a tax palliative, not a remedy. "It's the piecemeal approach," he said. "Promote a tax cut with one hand, and with the other remove the taxpayer's wallet with new taxes." Rep. Clarence Brown, R-Ohio, a member of the House Energy Committee, said that he was disappointed that "the President offered no constructive suggestion for compromise" in the deadlocked House-Senate conference.

Rep. John Brademas of Indiana, the House Democratic whip, said that "the goals that he sets are reasonable, by and large." He cautioned, however, that "unquestionably, there will be areas of considerable controversy, and there may be significant congressional modifications of his proposals."

One such area is likely to be Mr. Carter's tax package. "The question whether the reduction package is enough to overcome the fiscal drag caused by Social Security tax boosts, inflation and possible energy tax increases," Rep. Brademas said, "I want to be sure it is enough."

Sen. Russell Long, D-La., chairman of the finance committee, said that there was little chance that Carter's package would be enacted intact. "We'll take the best part of it, and the part that's not so good, we'll drop out," he said.

Rep. Reuss said that a tax reduction "would be a Mickey Finn to the American cities." "In my judgement, it's a mistake," he said. "We ought to repair the ravages of the inept Social Security bill by paying for increased funds out of general revenues. We ought to do energy right the first time, and redistribute energy taxes for energy conservation."

Rep. John Rhodes, R-Ariz., the House minority leader, said that he met with Mr. Carter at the White House yesterday. "He said that he thought that this legislative program would be more to the liking of the minority," Rep. Rhodes said. "Republicans have been asking for a tax cut for months."

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Lopez, Aquino Clans Are Targets

Marcos Is Said to Strip Wealth of Major Foes

By Fox Butterfield

MANILA, Jan. 20 (NYT).—Two of the wealthiest and once most politically powerful families in the Philippines have been forced to relinquish much of their fortunes since President Ferdinand Marcos declared martial law five years ago as companies they owned were sold under government pressure.

Some of the businesses, including a newspaper, the country's largest radio and television network, a bank, the biggest bus company in Manila and a construction concern, reportedly have passed into the hands of close friends or relatives of President Marcos and his wife, Imelda. In at least one case, the families say, there was open competition between an intermediary acting on behalf of an associate of the President and another working for Mrs. Marcos's brother.

There is no evidence that the Marcoses benefited personally from the take-overs. But, before martial law, the two families—that of the late Eugenio Lopez, a multimillionaire, and of Benigno Aquino, a former senator—constituted the most formidable opposition in the country to Mr. Marcos.

Motives Suspected
Family members see an effort by the President to undermine their political power by reducing their fortunes. The assets that the Lopezes have surrendered amounted to \$400 million.

In the families' views, moreover, Mr. Marcos left them little choice because soon after martial law was imposed in 1972 he arrested two key members of their clans, Eugenio Lopez Jr., the multimillionaire's eldest son, and Mr. Aquino. Last fall, the younger Lopez escaped from a military stockade and fled to the



Imelda Marcos UPI

United States. Mr. Aquino has been sentenced to death on subversion and murder charges.

"It is all a carefully thought-out plan to prevent any group from staging a comeback against Marcos," a member of one of the families said. "If Marcos's friends get rich in the process, that makes it all the sweeter."

Simply a Pledge
Supporters of the President say, however, that Mr. Marcos has merely been carrying out a pledge to break up the wealthy families that had dominated the country. Whichever explanation is correct, the take-overs reflect what many Filipinos see as an increasingly blurred line under Mr. Marcos's rule between public and private money.

The declaration of martial law included an order closing the Manila Chronicle, a newspaper

that had been the Lopezes' political voice. Intermediaries representing Benjamin Romualdez, Mrs. Marcos's brother, approached the Lopezes and suggested that they lease the Chronicle's presses for a new paper, the Times Journal, which Mr. Romualdez reportedly owns.

According to family sources, Mr. Romualdez paid a rental for the presses until a year ago, when he stopped on the ground that Lopez family members in the United States were supporting the anti-Marcos movement there.

Media Deal

This pattern was repeated with the Lopezes' broadcasting network, which operated 5 television channels and 22 radio stations. After the offices of a smaller network owned by Roberto Benedicto, a fraternity brother of President Marcos at the University of the Philippines, mysteriously burned down, the Lopezes' facilities were taken over by the other network.

Last year, lawyers for Mr. Benedicto offered to pay a rental equivalent to \$68,000 a month. The Lopezes said that this was less than the monthly interest payments of \$85,000 that the Lopez network long had had outstanding as a result of its acquisition of the facilities.

Since the take-over five years ago, the Lopezes have been in default on these payments to a group of banks, including Citibank of New York. Citibank, however, has not foreclosed on the property. It is widely alleged here that President Marcos is Mr. Benedicto's silent partner in this and similar transactions.

Aquino Example

In the case of Mr. Aquino, the family property came largely from his wife, a member of the wealthy Cojuangco clan. It included the First United Bank and a family holding company, the First Manila



SUCCESS OR BUST—Seniors at a Taipei barbers' college take their final exam with inner trepidation but outer calm. The object here is to shave lathered balloons to perfection without bursting them before being awarded a barber's diploma.

Management Corp., which owned the Ford automobile franchise in the Philippines as well as a construction concern and a bus company.

Soon after imposing martial law, the government raised the requirements for paid-up capital for banks to the equivalent of \$13.5 million. The first United Bank had only one-third that amount, so the family began to look for partners for a merger. Family sources say that they lined up four deals but that each was rejected by the government.

The family was approached by Mr. Romualdez, Mrs. Marcos's brother. Because his offer for outright purchase was only a fraction of the bank's worth, and because he proposed to pay for it out of the bank's future profits, the family was not eager to sell to him.

The family also received an offer from Eduardo Cojuangco, a cousin of Mrs. Aquino, who had long been feuding with the Aquinos but who was close to President Marcos. His offer came in the name of the coconut planters association and was accepted. The bank was renamed the United Coconut Planters Bank.

Juan Ponce Enrile, the secretary of defense, became chairman of the bank. He also is chairman of the Philippine National Bank, the government-owned bank that loaned the coconut association the money to make the deal. Mr. Enrile is one of the President's closest associates.

The bank take-over was viewed with more than usual interest in Manila business circles because it offered evidence of what is rumored to be a common phenomenon—open competition between factions aligned with the

President and his wife, or "his" and "hers" groupings, as Filipinos term them.

The Aquino family later sold its holding company, the First Manila Management Corp., after the bus company it owned could not get a fare increase approved by the government despite the 1973 oil-price increase.

The biggest take-over was of Manila Electric, which provides 80 per cent of the electric power in the Philippines. It was the key- stone of the Lopez empire. Negotiations for a take-over began two months after Eugenio Lopez Jr. had been arrested. They were handled directly by Mr. Romualdez, who made a series of trips to San Francisco to confer with the elder Lopez, who since has died. Mr. Lopez later charged that the terms of the take-over were a giveaway designed to buy his son's freedom.

3d-Ranking Post Created

Brown Reshuffles Pentagon To Increase Its Policy Role

WASHINGTON, Jan. 20 (NYT).—Defense Secretary Harold Brown, seeking to strengthen the Pentagon's policy role within the Carter administration, is reorganizing his top civilian command amid some internal friction.

Defense Department sources say that Mr. Brown plans to appoint Henry Owen, director of Foreign Policy Studies at the Brookings Institution, to the new job of under secretary of policy, making directly beneath Mr. Brown and Deputy Defense Secretary Charles Duncan.

Sources said that the major reorganizational shift would allow a single individual—Mr. Owen—to deal with overall policy and strategic questions and serve as the Pentagon's point of contact with the State Department, the National Security Council, the Arms Control and Disarmament Agency and the intelligence community.

Moreover, the appointment would cement Mr. Brown's control over the military and enable him to place a civilian in a ranking job overseeing national security objectives and the military forces necessary to meet them. Mr. Brown's reorganization plans are the most far-reaching since the days of former Defense Secretary Robert McNamara. Mr. Brown has already undertaken a major study that could lead to an overhaul of the Joint Chiefs of Staff, and has placed tighter control on spending by the armed forces—moves that have stirred

disquiet among senior military officials.

With the creation of an under-secretary of policy, Mr. Brown has clearly taken the initiative for Pentagon planning and programs out of the hands of the military hierarchy and put them under civilian control.

Mr. Owen, a foreign policy adviser who also works for the National Security Council, has delayed final acceptance of the Pentagon job pending assurances that he would have firm jurisdiction over the range of Pentagon agencies that deal with policy and planning.

What has stirred the most tension over the new post is the under-secretary of policy's control over the Pentagon's so-called "little state department," the International Security Affairs Agency, which has traditionally served as the Defense Department's foreign policy branch.

To some congressional and Pentagon critics, the agency has proved somewhat disappointing under Mr. Brown, and the Pentagon's policy efforts have, to these critics, proved mediocre. For example, a major administration policy review on military strategy and force posture was mired in interagency disagreements because of "maladroit handling" by the agency, according to one well-placed defense official. The head of the reorganized agency will report directly to the new policy under secretary, who will have control over it. Previously, the head of the agency reported directly to the defense secretary.

Pentagon sources denied rumors that the current head of the agency, David McChaffin, a Washington lawyer who worked for Secretary McNamara in the 1960s, had threatened to resign over the reorganization.

Indian Heads UN Panel

UNITED NATIONS, N.Y., Jan. 20 (UPI).—The sanctions committee of the Security Council elected Ambassador Shriji Jajpur of India yesterday its chairman for this year.

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Protests Expected to Grow

Iranian Moslems Angered By Shooting Deaths in Qom

By William Branigan

QOM, Iran, Jan. 20 (WP).—A police fusillade against a crowd of religious demonstrators here almost a fortnight ago has sparked a series of strikes and disturbances throughout the country and pitted the government against what is potentially its most formidable opposition—the Moslem faithful.

Tensions have continued to build over the Jan. 9 shooting, which left more than 70 dead. The government has claimed only six persons died. Yesterday, shopkeepers in the Tehran bazaar held a strike to mourn the "barbaric massacre of innocent people," a statement said. The strike, in defiance of police threats to revoke shop licenses, was the first concerted protest by the people of the bazaar since Shah Mohammad Reza Pahlavi's ouster last year.

The ayatollahs denied the government's claim that the demonstrators were to protest women's emancipation and land reform and that the crowd stoned police and attacked a precinct station. "That's an absolute lie," he said.

He called for a return to constitutional rule in Iran. "The government says we are reactionaries and backward," Mr. Shariyatmadari said. "Well, if being backward means we want the constitutional laws to be respected, then we accept that definition."

With a following of several million and as the spiritual leader of Iran's Shites, who comprise 88 per cent of the 35 million population, Ayatollah Shariyatmadari is one of the most powerful men in the country. He said that he could have ordered all the bazaar and mosques in Iran to close, sending thousands of people into the streets, but that this would only have risked more shootings.

The authorities seem to have the situation now under control, but Muslims say more protests could break out anytime. "The people are still against the government," one said. "There will be more demonstrations, but we can't predict when."

2 Crewmen in Orbit

Unmanned Soviet Capsule Takes Supplies to Salyut-6

By Craig R. Whitney

MOSCOW, Jan. 20 (NYT).—The Soviet Union sent an unmanned capsule into space today with supplies and new equipment for the Salyut-6 orbital station and its two crewmen, who now are expected to remain aboard for a long stay.

Yuri Romanenko and Georgi Grechko docked with the 19-ton Salyut craft 41 days ago and from Jan. 11 to Jan. 16 they were joined by two cosmonauts in a mission that was seen as the first Soviet step toward a permanently manned space station.

Tass said that the new capsule, called "Progress-1," would make an automatic docking with the Soyuz and deliver fuel, scientific apparatus, and materials for life support of the crew.

The craft was a modified version of the six-ton Soyuz capsules the Russians have used to send cosmonauts into orbit since 1967, Tass said. This one carries supplies instead of a crew, and one Western expert said it probably could carry enough to keep Col. Romanenko and Mr. Grechko in space for an extra month.

"What they are doing with their multiple dockings is what the United States will be able to do with its Skylab stations and the space shuttle in 1981—not as sophisticated, perhaps, but with the same result," the source said.

Whatever caused a string of failures that ended with an unsuccessful attempt of a manned Soyuz-25 craft to dock with Soyuz-6 last October apparently was overcome.

Even if the latest craft fails to deliver its cargo of supplies, Western scientists believe that the two orbiting cosmonauts have enough to stay in orbit another one to two months. The longest manned Soviet space mission was a 63-day flight in 1975; a U.S. Skylab crew stayed up 84 days in 1974.

Schedule Unknown

When the supply capsule would dock with the Salyut station was not revealed today. Normally, docking occurs within 48 hours of launch.

The Salyut crew has been working on several experiments, among them precision photography of the earth using specially designed cameras and lenses from the Carl Zeiss works in Jena, East Germany. Eventually, the Soviet Union says, it will put East German cosmonauts into space, and they have been in training with Communist colleagues from Poland and Czechoslovakia since 1975.

Tass said that the systems aboard Progress-1 were functioning normally, and that it was orbiting from 121 to 164 miles above the earth. Its goal, according to Oleg Makarov, one of the two cosmonauts who returned from the station Jan. 16, was to carry out orbital experiments "more effectively, with less outlay, with higher efficiency." Western scientists note that with such shuttles of crews and supplies, the Russians could keep Salyut-6 occupied almost constantly.

We have acted with extreme patience but even to patience there is a limit," the editorial said. "But we are left with no choice, and we must defend our sacred territory, we must protect the lives and property of our compatriots." Vietnam has denied entering Cambodian territory but diplomatic sources from Hanoi say Vietnamese officials have admitted that Vietnamese forces drove inside Cambodia for "self-defense."

Jakarta Military Shuts 4 Major Newspapers

JAKARTA, Jan. 20 (AP).—The Jakarta Military Command banned four major newspapers today, including the Harian Kompas and the afternoon Sinar Harapan. The other two papers are the independent Merdeka and the Moslem Daily Felita.

The newspapers received phone calls from the Jakarta Military Command informing them that their publishing permits had been withdrawn and that their newspapers would not be allowed to appear effective Jan. 21.



Demonstrating farmers shouting protests during a rally on the steps of the Capitol.

Stage a Capital Sit-In

U.S. Farmers Angry in 2d Day of Crusade

WASHINGTON, Jan. 20 (WP).—More than 5,000 farmers returned for the second day to Capitol Hill yesterday to press Congress for higher farm prices. About 200 of the more militant farmers marched into the Agriculture Department and took over the office of Agriculture Secretary Bob Bergland.

The sit-in was the latest in a series of disruptions by the increasingly angry and vocal farmers in their Washington crusade to gain farm prices equal in buying power to those paid farmers 60 years ago, when the government made its first studies of farm prices. Earlier in the day, trucks sympathetic to the farmers' plight, blocked morning rush-hour traffic on a bridge leading from suburban Virginia making many commuters late for work in Washington.

As farmers left Mr. Bergland's

office late yesterday afternoon, many of them shouted epithets at Deputy Secretary John White. Mr. Bergland was reported en route to Washington from Colorado.

"We expect the secretary to be there at our rallying point tomorrow and if he's not there, America might learn that the farmers are not the God-fearing people they've always been," said the American Agriculture Movement's leader, Alvin Jenkins of Springfield, Colo.

Mr. Bergland told protesting farmers today that he would do everything he could to achieve their goals of higher prices within his present authority.

But he again declared, as he has in previous meetings with those on strike for five weeks, that he would not raise the price supports to the levels they want, the Associated Press reported.

Police Pull Back

There were several confrontations between police and the farmers as they marched between the Capitol and the Agriculture Department. Police, as one officer put it, were fearful that a "few soreheads" might provoke violence, so they pulled back, often to the cheers of the marchers.

Many of the 1,500 farmers who marched down Independence Avenue to Mr. Bergland's office conceded yesterday that they still have difficulty seeing themselves as part of a mass protest. "It's the kind of thing that's not in a farmer's vocabulary to do," said Larry Dennis, a Georgia soybean farmer.

Few of the farmers here are from small, impoverished farms. For the most part, they come from large or middle-sized farms whose acreage is measured in the hundreds and whose debts have soared into the tens of thousands of dollars.

It is often this mounting debt and what the farmers say is their inability to control it that has brought the protesters to Washington. Leaders armed the farmers with mimeographed papers on how to meet the members of Congress and score points with their arguments.

1914 Farm Prices

Congressional support for the farmers' demand for 100 per cent parity with 1914 farm prices has been slow in coming. "What they don't understand is the politics of this," said Gene Moos, a senior staff analyst with the House Agriculture Committee.

"They are making a case for their high production costs, which nobody disputes," said a staff member of the Senate Agriculture Committee, "but 100 per cent parity is not in the cards. The cost would be staggering, and no one knows how you go about doing it."

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After 3-Year-Old Arms Embargo Damaged Ties

Vance Visit Stirs Hope on Ankara Relations

By Michael Getler

ANKARA, Jan. 20 (WP).—Along the central European front of NATO, an allied diplomat said here privately today, "we do everything to fine tune the engine of our defense machine. But here, the whole damn bottom of the car has fallen off and nobody can seem to fix it."

He was referring to the effect on the Turkish armed forces—the largest land army along NATO's southern flank—of the three-year-old congressionally imposed embargo against supplying U.S. military aid or equipment to this country.

The cutoff, imposed after a Greek-backed coup toppled the government on Cyprus in 1974 and Turkey followed up by invading the island, has turned the state of Turkish military equipment "into a shambles," an official claimed, and has increased anti-U.S. feelings here.

"The young officers see a plane crash and blame the Americans because they cannot even get spare parts under the embargo," he said. However, some commercial sales are permitted.

The Turkish armed forces are equipped with weapons and supplies 90 per cent of which come from the United States.

The deterioration of the southern flank, and particularly the Turkish forces, which guard the only long land border of a North Atlantic Treaty Organization member with the Soviet Union, is said to be the No. 1 concern of Gen. Alexander Haig Jr., NATO's supreme commander in Europe.

Still, the embargo, at least thus far, has not forced Turkish withdrawal or concessions that would settle the dispute with Greece over Cyprus. Greece has pulled out of the military aspect of the NATO alliance, further weakening it.

It is against this backdrop that U.S. Secretary of State Cyrus Vance arrived here tonight. Aside from the visit of special White House emissary Clark Clifford early last year, Mr. Vance is the first top official of the Carter administration to come here and the first U.S. secretary of state since Henry Kissinger in May, 1975.

Mr. Vance received a blunt and somewhat undiplomatic warning from Turkish Foreign Minister Gunduz Okmen not to interfere in Turkey's troubles with Greece over Cyprus.

Mr. Vance was greeted at the airport tonight by Mr. Okmen. Mr. Okmen said Mr. Vance was known as the "No. 1 trouble-shooter in international affairs. We have some trouble spots in this region," the minister said. "But I don't think Mr. Vance will have time to be interested in spots such as Cyprus and Turkish-Greek relations."

"We believe these issues could be solved by the interested parties without interference or involvement by any foreign or major power," Mr. Okmen said.

New Factors

While the key issues remain, there are several new factors.

For one thing, a new Turkish government was installed earlier this month, headed by center-left Premier Bulent Ecevit—who as premier ordered the 1974 invasion but who stepped down afterward.

In the few weeks since resuming office, however, Mr. Ecevit has publicly emphasized his desire to find a negotiated solution with the Greeks to the Cyprus problem and has been trying to cultivate his image as a statesman and intellectual.

Five U.S. senators—Abraham Ribicoff, D-Conn.; Ted Stevens, R-Alaska; Ernest Hollings, D-S.C.;

Howard Cannon, D-Nev.; and Harrison Williams, D-N.J.—visited here last week met with Mr. Ecevit and apparently were impressed. Four of them had voted for the embargo three years ago.

Yesterday, Mr. Ecevit announced that Turkey had completed new proposals on a Cyprus settlement which would be submitted to United Nations Secretary-General Kurt Waldheim late next month and could lead to renewed Greek-Turkish negotiations in March.

Oil-Drilling Rights

Mr. Ecevit also called yesterday for a summit meeting between himself and Greek Premier Constantine Karamanlis. Meanwhile, the Turkish Foreign Ministry announced that Greek and Turkish specialists would resume talks in Paris next month on another dispute—oil-drilling rights on the Aegean shelf.

The Vance meeting came about because of a chance comment by Mr. Ecevit to U.S. officials that he wanted to gain some direct perspective about the broader aspect of U.S. foreign policy after being out of office for three years and with a new U.S. administration in power. Mr. Vance, who is on a trip to the Middle East, quickly accepted the suggestion. He will go to Athens from here tomorrow.

Mr. Vance's visit here is also being viewed as some recognition for Mr. Ecevit's immediate efforts on the Cyprus issue, although no details of his plan have been made public yet.

The key new factor, however, is that Mr. Ecevit, unlike his predecessor, Suleyman Demirel, is claiming that a Cyprus settlement is demanded by Turkey's national interest and that he will seek it without preconditions. This means, he says, that he will seek it no matter what happens on the U.S. arms embargo question.

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Stacking the Deck

When South Africa's parliament convenes next week, Prime Minister John Vorster is likely to announce plans for granting rapid independence, under black leadership, to Namibia (South-West Africa), the former German colony which Pretoria has run for half a century. In Rhodesia, an announcement of a similar sort may come soon from the white minority government of Ian Smith, which has been negotiating with three black leaders for the coming of majority rule.

These results, long sought by Namibian and Rhodesian blacks, would, a decade ago, have won applause abroad. Yet now they will not, and governments with influence in southern Africa—the United States being one—should make their opposition clear. For if Messrs. Vorster and Smith have their way, only the trappings of political power in both countries will be transferred from whites to blacks. The elements of white economic power, and many of the privileges that go with it, will be essentially undisturbed. And important black nationalist groups are likely to be altogether frozen out of the process of forming governments and left to continue their opposition through guerrilla warfare.

In Namibia, the South Africans severely restrict the activities of the South-West African People's Organization (SWAPO), and have imprisoned many of its leaders. Rooted largely in the Ovambo tribe, whose members are nearly half of Namibia's 800,000 people, SWAPO's aim has been to create a unitary state incorporating all the vast country's dozen ethnic groups, including the 91,000 whites who are its second-largest element. The South African authorities, however, have emphasized communal differences as a way of perpetuating white control. Their hope now is that quick elections for a constituent assembly, before SWAPO has a chance to organize an effective campaign, will keep power in the hands of a coalition of whites and obliging tribal chiefs and headmen. Fearing defeat, SWAPO has thus far not agreed to take part, and says it will continue the "armed struggle."

In Rhodesia, Joshua Nkomo, the earliest opponent of the Smith regime, and Robert Mugabe, who organized the guerrilla war, are taking no part in the negotiations now

under way. They may fear that they would lose an election to the black leaders now at Smith's conference table. But they can scarcely like the deal being worked out. The object of the white negotiators in both Namibia and Rhodesia is the same—to engineer new constitutions that will give the white minority communities vetoes over any actions by successor governments that might threaten their economic power. The constitution for an independent Namibia will be written by those elected in the coming campaign—hence South Africa's effort to stack the electoral deck. By contrast, Smith has said in effect that he will transfer power only under a constitution that safeguards the interests of Rhodesia's 3 per cent white population.

Smith and Vorster obviously hope that the deals being worked out for both countries, by placing moderate blacks in positions of visible power, will siphon support from the nationalist guerrilla leaders. They also hope that the emerging seemingly liberal constitutions will have appeal in the West. Western liberals should remember, however, that the positions the white communities are trying to preserve were attained by exploiting the cheap labor of blacks who have been systematically repressed. It is understandable that whites should want to maintain their dominance. But so is it understandable that their nationalist opponents should want no part of it.

The West has greater influence over events in Namibia than in Rhodesia. Concerned about outside reaction, Vorster has for some time consulted the major Western governments over his plans to move Namibia forward to independence. Their pressure has won some concessions. Now they should make clear that they will not recognize the puppet state that would emerge from rushed elections rigged to neutralize SWAPO. And they should not relax outside pressure on Rhodesia—UN sanctions are still in force—until real majority rule has been achieved. Smith's entrenched safeguards for white interests might be acceptable, provided they are interim arrangements, valid for a fixed period. He knows that blacks will achieve full power in Rhodesia some day. It is in the interest of all Rhodesians that they should do so through a process that seems genuinely legitimate at every stage.

THE NEW YORK TIMES.

HEW vs. Slow-Motion Suicide

Secretary Califano of Health, Education and Welfare kicked his own habit (three packs a day) two years ago. Now he hopes to persuade 50 million other U.S. smokers to follow his example. His proposed new campaign against cigarette smoking is the strongest position taken by a high federal official since the famous Surgeon General's Report of 1964, linking smoking and serious diseases. It is by no means as stern a program as it might be. But, after years of government waffling, it is welcome evidence of a renewed commitment to health.

The need for a vigorous campaign is apparent from the health statistics. Despite years of publicity, an array of laws and regulations and a revolution in social attitudes that has put smokers on the defensive, cigarette smoking remains, according to HEW, "the primary preventable cause of illness and death." Last year it was a major factor in 220,000 deaths from heart disease and 100,000 cancer deaths; it also cost the nation perhaps \$15 billion for medical care and lost productivity. Research implicates it in more diseases and disorders every year.

People who smoke are committing, in Mr. Califano's apt phrase, "slow-motion suicide." Yet most seem unwilling, or unable, to stop. True, some 14 million names have been added to the roster of ex-smokers since 1964 and the percentage of smokers has dropped. But Americans are still among the world's heaviest smokers. A particularly alarming trend is evident in the doubling since 1964 of the percentage of teenage girls who smoke. In one Western city, one out of five children is smoking by age 12.

Thus Mr. Califano's initiative is welcome. He will boost the budget for the department's anti-smoking activities to \$23 million a year, roughly twice the current level. He will upgrade the department's key anti-smoking office and move it back to Washington from exile in Atlanta. He will expand research and launch a public education campaign, describing the risks of smoking more explicitly than before. He will try to persuade

school superintendents to develop educational programs; broadcast networks to run anti-smoking spots; federal agencies and corporations to restrict smoking areas; insurance companies to grant discounts to nonsmokers; and states to pass anti-smoking laws. He also promises to good federal regulatory agencies to strengthen warnings about smoking, crack down on cigarette ads and further restrict smoking in public places. Women who use birth control pills are now being warned not to smoke.

Critics rightly complain that the program has weaknesses. It relies heavily on education and persuasion—an approach that has not worked well so far. The increased spending remains minuscule compared with the half-billion dollars spent annually to advertise cigarettes. And some of the most controversial steps remain prospective, for example, of whether the government should use taxes to discourage cigarette consumption, or should regulate the levels of hazardous substances allowed in cigarettes. Further, Mr. Califano, ducked the politically sensitive issue of whether to end Federal price supports for tobacco and made no mention of government support, or encouragement, for stop-smoking clinics. The program, in short, lacks muscle.

Can it succeed, even so, in substantially reducing the number of smokers? That depends in part on how all the school superintendents, businessmen, state officials and others respond to Mr. Califano's call to arms. Even with their whole-hearted support, however, progress may be slow. Little is known about what motivates people to start, or stop, smoking. Research will be conducted to find out. Until then, we are stuck with the truth of the old joke: It must be easy to quit smoking—that's why people keep doing it, again and again. Thus far no country that has ever taken up tobacco has kicked the habit; Mr. Califano deserves credit for at least making the effort.

THE NEW YORK TIMES.

In the International Edition

Seventy-Five Years Ago

January 21, 1903
NEW YORK—Frederick MacMonnies, the Brooklyn sculptor, who resides in Paris, and whose "Bacchante" some years ago was removed from the Boston Museum because of the protests of certain citizens, is having a fresh experience of U.S. intolerance of the nude in art. He recently sent over a canvas of a nude woman reclining on a couch, but the art gallery that it was intended for refused to exhibit it.

Fifty Years Ago

January 21, 1928
NEW YORK—The purchase of three parcels of land in 41st Street, measuring 80 feet by 100 feet, was announced by the New York Herald Tribune as a move that will enable the paper to maintain its present important location for many years to come. The land is directly at the rear of the present building and adjoining it. The paper now has outlets on both 40th and 41st Streets and a permanent location.



'Reminder.'

Carter's Comfortable Words

By James Reston

WASHINGTON—President Carter has made a quietly eloquent, philosophical State of the Union address. It is marked by an emphasis, not always central last year, on domestic rather than foreign affairs, but it was not the kind of speech that is likely to move this Congress in its present mood.

"For the first time in a generation," he said, "we are not hampered by a major international crisis or by domestic turmoil, and we now have a rare and precious opportunity to address the persistent problems which burden us as a nation and which become steadily worse over the years. . . . We must move away from crisis management and establish clear goals for the future which will let us work together and not in conflict."

But this is precisely Carter's problem with this Congress. For it has become so accustomed to the "crisis management" of the Vietnam, Watergate and cold-war years that it is unmoved by his appeal to plan together for the mounting problems of the future.

Trouble Ahead

He uses the old-fashioned "comfortable words" of a kindly father addressing what he regards as a "good," "compassionate" and "decent" family. "The state of the Union is sound," but there is trouble ahead, he says, "there is a link to the role and function of government. . . . We need patience and goodwill. . . . In these television days, when high measures of state have to compete with high comedy and other hijinks on the tube, a president has a problem. If he speaks in generalities, he is accused of sermonizing, and if he attacks a detailed set of facts, as Carter did this week, the public doesn't hear them and most congressmen don't read them."

What happens when his detailed program gets to the Congress is that it is not handed as a coherent whole, but torn apart and shifted off to the specific committees that deal with energy, tax reduction, government reorganization and the Panama Canal.

This is clearly not the President's fault, but his statements, the part the Congress and the nation heard, was not precisely a rallying cry.

Not in the Mood

"Those who govern," he said, "can sometimes inspire, and we can identify needs and marshal resources, but we cannot be the managers of everything and everybody."

It was almost as if he had been listening too much to critics who have told him he tried to do too much too fast last year, that the country was not in the mood to be told what to do, and therefore that this year he was going to ask for help to share the burdens.

Even when he came to the critical issue of his energy program, now stalled in the Congress, he went over the same themes that members ignored last year. Every day, he said, the nation spends more than \$120 million for foreign oil, and this slows U.S. economic growth, lowers the value of the dollar overseas, and aggravates unemployment and inflation at home.

"We know we have to act," he said. "We know what we must do. . . . I know it is not easy for the Congress to act, but the fact

remains that on energy legislation we have failed the American people."

'Stalemate'

This merely dramatizes the difficulty between the President and the Congress. For while he says "not much longer can we tolerate this stalemate," the fact is that the Congress does tolerate it, the Congress does not "know what to do," and while the President has powers to bring this stalemate to a point of decision, he is clearly not yet prepared to use them.

The foreign policy part of his address at the end was more hopeful. Despite the present difficulties in the Middle East, he still has a chance to bring about a compromise settlement. He may also get a Panama Canal treaty and a strategic arms treaty through the Senate, and he is making some progress in slowing down the spread of nuclear weapons. If these things happen, his popularity rating is likely to rise, but his problems on the home front and with the Congress remain.

On the one hand, the Congress

is demanding a larger share in the conduct of the nation's affairs, both at home and abroad, and, on the other, blaming Carter for a lack of leadership, which he is offering to share. His State of the Union address shows up this conflict.

Complains

At one place, he complains that he is not getting the shared leadership and unity the nation requires, and that "for some citizens America has become almost like a foreign country, so strange and distant that often we have to deal with it through trained ambassadors who have sometimes become too powerful and influential—lawyers, accountants and lobbyists."

"This cannot go on," he insists, and yet he concludes: "It has been said that our best years are behind us, but I say again that America's best is still ahead. We have emerged from bitter experiences chastened but proud, confident once again, ready to face challenges once again, united once again. How's that again? Maybe this really is the state of the Union these days: a little confused all around."

Letters

CIA and Journalists

The New York Times editorial on CIA employment of journalists (JNT, Jan. 5) seems to be confused about where essential responsibility in the matter lies. Whatever people may think of the CIA's approach, a basic obligation to with journalists is to maintain the integrity of their vocations. Certain journalists have failed to do so. In so telling they have compromised themselves personally and what the editorial chose to refer to as "the independence of journalism."

People in other professions and vocations such as politics and law repeatedly come under pressure to use their positions to advance interests other than those to which they owe primary if not exclusive loyalty. Sometimes they accede to this pressure and when this is known, then responsibility is appropriately laid at their doorstep. Though the behavior of those exerting pressure may be deplored, the paramount trust rests with the individuals to maintain the ethics of their profession and ensure that though led into temptation they do not yield to it. It is deplorable that a great newspaper like The New York Times should be looking to a CIA regulation to maintain the independence of journalists. It will hardly be enough if journalists and news organizations are not themselves determined to set and adhere to their own standards. Certainly the CIA should come clean, if that is what is required, but so should journalists themselves and news organizations.

J.R. NETHERCOTE
London.

Proxmire Deserved?

They say in a democracy the voters get what they deserve. One wonders what the poor citizens of Wisconsin have done to deserve Sen. Proxmire.

First there were the remarks of his Golden Fleece Award, about the milk-swathed jet-setters spending their waking hours in the gambling casinos of Monte Carlo.

Then there was the

Carlo and ripping off the government on their taxes—stupid, idiotic, offensive and downright insulting to the many thousands of U.S. citizens abroad who work hard, try to be good representatives of their country, and PAY THEIR TAXES. Now is the good senator trying to regain some Browne points—comes a picture of him, wearing a smoking cap to protect his hair, and "helping" garbage collectors with their daily chores. I notice he left before noon—evidently he didn't care to share the bag lunch and thermos of coffee. But he has now considered himself an authority on the life and times of the blue-collar worker. Poor people in Wisconsin—will they continue to deserve Sen. Proxmire?

MARGARET PLATT
Al Khobar, Saudi Arabia.

Killing Baby Seals

The World Federation for the Protection of Animals (WFFA), also speaking in the name of the International Society for the Protection of Animals (ISPA) in London, takes exception to a statement made in The New York Times editorial (JNT, Jan. 16), that ISPA has found the killing of seals humane.

No such statement on the character of the seal hunt was given by ISPA to the Newfoundland government whose delegation tours the United States and will soon be arriving in Europe to present a pretty picture of the killing of baby harp seals. Both ISPA and WFFA are in principle opposed to the seal hunt. Taking all aspects of sealing—into consideration, stress and suffering are inherent factors of the sealing industry that cannot be eliminated.

We recommend that sealing should be immediately suspended to permit proper scientific analysis of the seal herds. Furthermore, we are opposed to the life of any wild animal being taken simply because some part or the whole of it has commercial value.

K. FRUORT
Adm. Director, WFFA.
Zurich.

Harry Debelius

From Madrid:

The Saharans are fighting
for survival rather than
Marxist ideology.

MADRID—The Western Sahara, containing the world's biggest lode of high quality phosphate and other mineral deposits, looks more like a big load of dynamite every day.

When French warplanes joined the battle against the poorly equipped Polisario (Saharan Liberation Front) recently, escalating a little publicized war which began before Spain pulled out of its desert colony over two years ago, the concessions not only shook the Maghreb, they were felt as far away as Washington and Moscow.

What was once an "overseas province" of Gen. Franco's Spain is now the scene of an international power play for strategic and economic reasons, and the Saharans are the pawns in the game. Spain's promise to them and to the United Nations, to hold a referendum regarding the future of the vast territory—more than half as big as continental Spain itself—was never fulfilled. When the generalissimo was on his deathbed, his jittery henchmen abandoned the Sahara, and its people, to Morocco for fear of having their army involved in an African war at a time of crisis at home.

The 1975 tripartite conference in Madrid, at which the sell-out was arranged, was attended by representatives of Spain, Morocco, and Mauritania. No Algerian representative attended because that country's policy was, and is, to support the desert dwellers in order to expand Algeria's influence or control in northwest Africa. Representatives of the people of the Sahara, who were most affected, were not invited.

Bolder than Ever

Now Morocco, encouraged by Spanish arms shipments, U.S. diplomatic support and French intervention, is bolder than ever in its attempt to wipe out the nomadic desert tribesmen who refuse to accept King Hassan's rule. Algeria, inflated at the new active French role in the conflict, has drastically reduced its imports of French products. Spain, angry about the facilities which Algeria furnishes to Antonio Cubillo, the leader of a Canary Islands terrorist movement, has delivered a strong protest to President Houari Boumedienne, and the Spanish ambassador has been recalled to Madrid for consultations, "and he won't go back to Algiers until we get a satisfactory reply to our protest," according to Spanish Foreign Ministry sources.

Algerian Ambassador Mohamed Khaled Khelladi, a charming bourgeois revolutionary who was obviously delighted with his Spanish post, has been summoned to Algiers, but shortly before he left he told me that his country's attitude toward Spanish separatist Cubillo might change if Spain stopped supplying arms to Morocco.

The Spanish government is caught in a verbal cordon on the issue at home, under fire from opposition of both right and left. At last the centrist government of Premier Adolfo Suarez is beginning to hint at a relaxation of its support for the North African policy which it inherited from those who gathered so tremulously around Franco's deathbed.

Under questioning by Spain's congressional Committee on Foreign Relations this month, Foreign Minister Marcelino Oreja admitted, "There are problems with Morocco, too." Nevertheless, he said that the suspension of Spain's arms contracts with Morocco is "essential."

Fears

He also implied that Spain does not consider its responsibility as the former colonial power ended, saying, "The government will not consider that the process of decolonization has been completed until after the people of the Sahara have expressed their wishes."

But Spain is not in a position to put much pressure on King Hassan because there are well-grounded fears in Madrid that the Moroccan might insist more firmly on their claim to the two Spanish enclaves on Morocco's Mediterranean coast, Ceuta and Melilla. The two fortress cities are the last spiritual bastion of Spain's military establishment. If Spain had to surrender them,

the ripples of discontent and disillusionment in Spain's military and civil service establishment might reach the proportion of a tidal wave. The issue is so hot that even Spain's parties of the left have given assurances of their solid support for Ceuta and Melilla.

The Polisario, the military arm of the Saharan Democratic Arab Republic (R.A.S.D.)—a nation which has been officially recognized by only a few governments, not including Spain, France, Morocco or Mauritania—has little choice but to fight on, as long as the people of the Western Sahara are convinced that their homeland belongs to them and not to neighboring powers. R.A.S.D. leaders have tried diplomacy but with little success.

Backed by their leftist Algerian neighbors and armed to a considerable extent by Libya, the Saharans are fighting for survival rather than Marxist ideology.

A high-level Saharan delegation recently tried to arrange a meeting in Madrid with U.S. Ambassador Wells Stabler or his designated representative but the Americans turned down the request.

Secret Talks

That same delegation had more success with Spanish officials, although the meetings with Spanish military and civilian officials were kept secret. When I was in the Sahara a few months ago, the Secretary Gen. Bachir Mustafa el Said told me that his people had appealed to President Carter through diplomatic channels for at least moral support in their struggle for independence. But there is no evidence that such support is forthcoming.

France is evidently interested in taking up King Hassan's proposal of an "axis of power" reaching from Paris to Dakar, passing through Spain, Morocco and Mauritania. Spain, which once went to great lengths to prove at the International Court at The Hague that the part of the Sahara then dominated by the Spaniards had never been under the control of Moroccan rulers, now gives tacit approval to the reconquest of the Sahara by Morocco.

Shaky Hold

Mauritania, an impoverished country whose territory has long been coveted by its "ally," King Hassan, is in almost as difficult position as the Polisario.

Only by dint of total cooperation, verging on submission, has Moktar Ould Daddah managed to retain his shaky hold on the presidency of Mauritania, turning over key armed forces posts to Moroccan officers and installing a completely pro-Moroccan Cabinet last August. Since the war began, Mauritania's tiny air force has been annihilated; its army, now Moroccan-led, has quadrupled in size, its towns and cities have become the favorite targets of the Polisario in their hit-and-run attacks, and the country has become even poorer than before.

The Soviet Union, anxious to expand its sphere of influence in Africa, backs President Boumedienne's ambitions to dominate the Maghreb and, if possible, the Canary Islands as well. The United States, in its interpretation of Mediterranean security, backs the unstable minority of Rabat and remains officially quiet about the genocidal napalm attacks which have driven perhaps 100,000 Saharans or more to the "safety" of miserable refugee camps inside the Algerian border—while their husbands, sons and brothers live in holes in the wasteland and fire rifles at supersonic jets in the name of freedom.

The International Herald Tribune welcomes letters from readers. Short letters have a better chance of being published. All letters are subject to condensation for space reasons. Anonymous letters will not be considered for publication. Writers may request that their letters be signed only with initials but preference will be given to those fully signed and bearing the writer's complete address.

MUSIC IN PARIS

'Porgy and Bess' Gets a 'Premiere'

By David Stevens

PARIS, Jan. 20 (IHT).—The Houston Grand Opera production of "Porgy and Bess" that opened a six-week Paris run last night at the Palais des Congrès is in a very rare sense a long-overdue European premiere—the first stage presentation of Gershwin's only opera substantially as he wrote it.

Since "Porgy and Bess" made its first appearance in Boston in September, 1935, moving a month later to New York, it has lived mostly in an uneasy half-world between musical comedy and opera. The original production was heavily cut before it opened on Broadway, partly to spare Todd Duncan's voice as Porgy in the rigors of nightly performances and partly because of the exigencies of commercial theater.

Still more damaging to Gershwin's original idea was a successful Broadway production in the 1940s, which toured the United States, bastardized by a heavily reduced cast and orchestra and the substitution of spoken dialogue. A 1961 production at the New York City Center made some amends by giving it almost complete and restoring its operatic content.

Oddly enough, Europe has been quicker to accept it in the opera house. The Théâtre du Capitole in Toulouse put on an admirable version 10 years ago, staged by Anne Brown, the original Bess, and with Americans in principal roles, and even the Budapest State Opera has had it in its repertoire for years, a tribute to the work's universal appeal despite some

idiomatic dislocation of Hungarian singers in blackface.

This Houston staging, co-produced by Sherwin Goldstein for the U.S. Bicentennial in 1976—and with a six-month Broadway run under its belt—should set matters straight, if only because it takes seriously Gershwin's goal of writing popular music with the techniques of "serious" music, and vice versa.

Significance

Gershwin's spontaneous yet finely crafted songs are still the most appealing things in the score, but heard in their full context, integrated into the overall musical fabric, they take on a musical-dramatic significance not available to more rudimentary forms of musical theater.

The richness of the ensembles and the elaboration of the sung recitatives have another effect. They reduce the title roles—important though they are—to less predominant importance, and make the oppressed blacks of Catfish Row, with their abundant emotional, religious and street life, the real protagonists of "Porgy and Bess."

There are times when Gershwin seems not totally at home with his borrowed forms, especially in a first act (in this two-act production) that is almost as long as that of "Porgy and Bess." But these are outweighed by some marvelous moments—the counterpoint of "Summertime" and the craggy game ensemble, the atmospheric evocation of Catfish Row at dawn, the rich variety of the waltz scene,

the droll trio of the three women responding to the red-neck policeman's spoken questioning (the whites are allowed only to speak in "Porgy").

Last night's cast—most roles are being alternated among two or more singers each on this tour—was well balanced with aptly chosen voices, headed by Donnie Ray Albert's strong Porgy and Wilhelmina Fernandez's vibrant Bess. Andrew Smith was imposing as the brutal Crown, and Larry Marshall made the most of Sportin' Life, who, like the Devil, has more than his share of the best songs. Joanne Jackson was the robust Maria, Elisabeth Graham was Clara, Delores Ivory-Davis Serena, and Alexander Smalls Jake.

Heroic Gestures

Andrew Meitner conducted with heroic gestures to maintain contact with his singers on the vast Palais des Congrès stage and get reasonably idiomatic playing from his local orchestra. Jack O'Brien's staging has the vivid animation of a well-knit Broadway production.

Unfortunately, the Palais des Congrès is a suitable venue only because of its 3,700 seats. The amplification, at least last night, not only had its usual deadly leveling effect on all the voices, but at times a disorienting effect between the voices perceived by the ear and the actors as seen on the stage.

All the same, this "Porgy and Bess" is a more than worthy successor to the Everyman Opera staging, with Leslye Price and William Warfield, that exported



Donny Ray Albert (Porgy), Wilhelmina Fernandez (Bess).

the work to Europe and the world two decades ago. And in its fidelity to Gershwin, it is like hearing it with a new set of ears. "Porgy and Bess" runs at the Palais des Congrès until Feb. 26. It continues to Zurich (March

2-5), Palermo (March 7-19), Genoa (March 21-25) and tentatively to Israel (March 27-April 16). Further dates in Europe are still in the process of being arranged, according to the tour management.

FASHION IN ITALY

Valentino's Double-Barreled Plans

By Hebe Dorsey

ROME, Jan. 20 (IHT).—Valentino, golden boy of Italian couture, will open up next season in Paris where he will show a collection along with French designers.

"The rumor had it that Valentino, fed up with union demands, was closing down his Rome house. But he denied it. 'We've always had union problems,' he said, 'and they keep haggling with me because, with 250 employees, I am the most important couture house in Italy. But short of a revolution, I'm not planning to close down. I couldn't do that to my country and my colleagues.'

Instead, Valentino said he plans a double-barreled operation, with workrooms and couture houses in both capitals. He has already looked at a private house on Place François Ier (a stone's throw from Dior) and will set up workrooms to gain admittance into the French Chambre Syndicale.

Next week, on his way to Tehran, where he will show his collection to the Empress, he will also make a quiet debut by bringing his couture collection to Paris, "but only to show private customers," he said.

Transition?

Despite Valentino's claim that he will close down in Rome, many believe that his Paris operation will be only a transition move and that, if all goes well, he will make the jump there completely. He already manufactures and shows his ready-to-wear in Paris instead of Milan. He also has three handsome boutiques (for men, women and the house) on the Avenue Montaigne.

It must be said that unless things change drastically, Rome is dead as far as luxury businesses are concerned. Most of Valentino's wealthy clients are now living in Geneva, Caracas or New York and his international clientele from Jacqueline Kennedy to the Empress of Iran would make it easy for him to function anywhere. Besides, Valentino has a keen love for Paris, "which is, after all, where I started," he said.

Should that happen, it would mean the end of Italian couture. Mila Schön will probably stay in Milan, Capucci, a most private designer, will continue to function privately and there is no telling what André Laug, who already spends almost half his time in the United States, will do—although he seems to be happy in Italy, where he recently bought a house.

Outside of Schiaparelli, Italian designers have been notably unlucky in Paris. The French press panned them; the French public rejected them. One after another, Capucci, Pabiani, Simonetta had to pack up and leave.



A Valentino look... cinched-in waist.

But that does not seem to worry Valentino, a basically kind and optimistic man. "I've never had any feeling of jealousy from my colleagues. Much to the contrary," he said, "they've all been very kind and encouraging."

In something that is beginning to look like a fashion exodus, Gianpiero Corbelli, famous for his Taroni fabrics, is also planning to leave Italy. He is looking for an apartment in Paris and might eventually, he said, start manufacturing in Lyons instead of Como.

Mr. Corbelli already has solidly implanted business in both Paris and New York, where his creative talent has made him a favorite with French and American designers. The reason he would leave Italy, he said, is "because, outside of four houses that I won't name," the rest of the couture houses are sold out to the Italian fabric industry."

So, what about the styles? Valentino's return to a slim, snugly waisted, body-conscious silhouette is the best news to come out of Rome. It looked best made of linen, with delicate tucks down to the knee and big bouffant sleeves.

The alternative was a young, pretty dress with the thinnest waist seen on a runway in years. It was cinched around by 10-inch-high, pleated silk cummerbunds, making for a small bust and nicely rounded hips.

Valentino used lots of linen, for middie dresses, suits and even coats over loose linen blouses. For evening, the newest fabrics were

waffled silk and gingham satin both from Turin.

The prettiest prints were by Gandini and inspired by Tiffany lamps, Suzy Gandini said.

Overall, it was a tender collection, with soft pastel colors, pretty, flower-becked, wide-brimmed hats and frilly, frothy and strappy garden-party dresses.

Besides her classic-as-classic-can-be look, Mila Schön struck out into two newer, younger directions. One was a miniskirted safari suit, the other an exclusive girl school's uniform complete with braids and white socks. But the bulk of her collection still rests on timeless quality and exquisite workmanship—all of which is getting rarer and rarer in fashion.

For Capucci, couture is a totally personal adventure and his sharp, uncommercial approach is always worth watching. This time, he came out with the best color palette—bright and vivid and definitely the way to go after seasons of sad pastels, murky colors or tired-out pastels.

Dependable True to form, André Laug's collection held few surprises, but that is always the story with Laug, who is as dependable and as minutely precise as the clocks of his native Switzerland.

The fact that he now sells to 15 different cities in the United States and no longer to just Palm Beach, Fla., may explain some of Laug's younger looks—such as the black, Doris Day dresses, with white starched bibs, and the finale of black pleated chiffon skirts, topped by beaded art deco sweaters.

As for Balestra, he again showed the longest and most lavish collection of evening dresses, with the best ones in that painted and silver-flecked style that has become his trademark.

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COLLECTORS' GUIDE

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THE ART MARKET: Taking a Chance on a Troubled Sector

By Souren Melikian

PARIS, Jan. 20 (IHT).—The market for contemporary art has been going through rough seas for the last four years. Famous galleries were reported to have had serious problems, such as the Galerie Denise René and the Galerie de France, and others have closed down.

This would hardly seem to be the time for opening new galleries. Yet not only do some newcomers occasionally embark on such an adventure, but in one case, at least, they turned it into a success.

The case of the Galerie de Bellechasse, which opened in January, 1974, is remarkable. Neither of its founders and current owners, Germaine Masour and her wife, Nelly Chadirat, were Parisian professionals. Masour, born in Iran and raised in Portugal, first took an interest in dealing in contemporary art when he and a friend of his who ran a bookstore near the University in Lisbon started selling works of Portuguese painters. The bookstore, now called the Galerie III, has become one of the leading galleries in Portugal.

Nelly Chadirat, who holds a degree in law, was working in a lawyer's office and started a PhD on "legal problems related to investing in contemporary art."

She says she is still deeply interested in the subject and will submit her thesis one day. Meanwhile, she deals.

In three years they have built up a stock which she values in the area of 5 to 6 million francs. It consists partly of 20th-century masters, accounting for about half the stock in value and one-tenth in number of works. They have paintings by Robert and Sonia Delaunay, well-known abstractists such as Serge Pollock, American painter Mark Tobey and others. They also have exclusive contracts with a small number of artists, all of whom deviate from the now traditional rut of the Paris avant-garde.

Spanish-born Orlando Pelayo, who spent his youth in Oran, Algeria, started as an abstractionist and was among the first of his generation to reject to a discreet form of figuration. He handles portraits and still lifes in a semi-abstract, semi-expressionist fashion, with big black strokes for outlines and flashes of intense color against a dark background.

Jean Bertholle is also a figurative artist who combines the influence of late cubism and abstractionism. Swiss painter Hans Selzer, born in Neuchâtel in 1907, is an unusual artist who does landscapes in light pastel colors (his brushwork is reminiscent of

Mondrian's square blocks) within the limitations of figuration. Tehran-born Nassar Assar, whose landscapes reflect the strong impact of Chinese painting, which he discovered in Paris, is even less conventional and the most interesting of all. He is purely figurative and his work does not fall within any established category.

Mr. and Mrs. Masour managed to make a decent profit in 1975, their second year, and "quite a reasonable one" in 1976. They say they have been progressing at the rate of 40 per cent a year since they started.

Connections

Their first asset is that through Mrs. Masour's connections they have been able to reach a category of potential buyers who normally do not visit galleries—bankers and businessmen. Masour has kept up this contacts with Portuguese collectors.

Their second, and most important, asset is their constant activity. Their policy is to give many exhibitions. They are among the few Paris galleries which seem to be aware of the province.

One of their more interesting experiments has been in northern France, at Marcy-en-Barrois, near Lille, where a gallery called Septentrion was set up by the Fondation Proust some time

ago. The idea of industrialist Alain Proust was chiefly to stimulate interest in contemporary art, of which he has one of the largest collections in France. Eventually, Mr. and Mrs. Masour agreed to manage the gallery. They have thus been able to reach both the rich industrialists in northern France and the still richer Belgian market. Their first exhibition, a one-man show by Lansky, was a success, with sales totaling 180,000 francs.

In Bordeaux, the initiative was theirs. Mrs. Masour offered to provide a local gallery called La Huguette with complete exhibitions, with copies of the catalogue and posters with space reserved for the gallery's name. Their first show was held in November, 1976. Exhibited were 20 pictures by Pelayo of which three were sold. "Not bad for Bordeaux," Mrs. Masour commented. But it is all part of a France-wide campaign for the artists they promote.

For similar reasons they have an agreement with the Iranian-funded Galerie Cyrus on the Champs-Élysées. Mrs. Masour has been requested to turn it into a "real gallery," making a profit while promoting Iranian painting. She put together two shows last year, one devoted to Lansky and the other to three Iranian artists, Barzani, Roubabekhan and

Emadian. For the first time, the gallery made a small profit in this area of its multiple activities.

Success leads to success. Last May, Mr. and Mrs. Masour inaugurated their second gallery, Bellechasse-International, near the Centre Beaubourg, with a Pelayo one-man show—75 per cent of the works, worth a total 250,000 francs, were sold, they said.

No operation is too small to deserve their attention. Their latest exhibition, which opened Wednesday at the Galerie Cyrus, is devoted to a new dry-point process using carbonium and aluminum sheet, a process devised by Henry Goetz, one of their exclusive painters. He, Denise Zayan, Roubabekhan and J. Djallil are showing their works, the first two influenced by abstractionism. J. Djallil's are particularly subtle and pleasing and the price range is between 350 and 500 francs. Just the right exhibition in that sort of place and area.

And that seems to be the key to the young dealers' success, an ability to assess the right time, and place and select the right target—in short, commercial know-how, which is often lacking in the field where it tends to give way to pseudo-literary posturing.

AROUND EUROPEAN GALLERIES

Plays

Robert Tatin, Galerie de l'Université, 52 Rue de Bassano, Paris 8, to Feb. 3.

Robert Tatin is a combination of three things: a man of authentic originality, a "character"—which implies a form of conventional originality—and a ham. He is a painter, sculptor, and builder and the present show is devoted to his paintings. They are tense and obsessional constructions that reflect the three aspects of Tatin very distinctly though not always separately. Tatin and his wife have also built a house in Mayenne that is part Assyrian temple, part house of horror. It looks splendid and the show reveals Tatin's specific dimension.

André Kertész, Centre Georges Pompidou, Paris 4, to Jan. 23. Kertész, now in his nineties, has offered 360 of his photos to the National Museum of Modern Art. They range from 1913 to the present, from his native Hungary to the United States and demonstrate the originality of his vision, which has had a deep and durable influence on subsequent photography. The greatest quality

in Kertész, besides his sensitivity and humor, resides in diversity. Each aspect of his work enriches every other one, giving them meaning and intensity such as they would never have had if he had restricted himself to any single approach. Thus a picture of a fork resting on a plate takes on amplitude and power because it was done by a man who also caught footprints in the snow, street scenes, gestures and glances. Kertész was among the first to capture the meaning and emotion of everyday events.

Vincent Biondi, Galerie Daniel Templon, 30 Rue Beaubourg, Paris 3, to Feb. 2.

The formulae of Aix-en-Provence are the theme of a series of paintings shown here, presenting the subject in various seasons and hours of the day. The treatment is aesthetically intelligent and cool, and the artist is speaking in a language that owes quite a lot to Matisse, though he uses it with originality. The works are all large and invite a rather lengthy perusal. Guernica, Galerie Battemonde, 30 Rue Mazarine, Paris 6, to Jan. 31.

—MICHAEL GIBSON.

London

Dada and Surrealism Reviewed. Hayward Gallery, South Bank, London, S.E.1, to March 27. Dadaism was a movement devoted to the overthrow of art. Surrealism was a mode of thought and life at once fantastic and irrational. It is therefore inappropriate to treat the 1,200

paintings, sculptures, books, pamphlets and objects gathered into this massive exhibition as material for an academic, logical and systematic reappraisal. Much that properly appears here seems, in retrospect, curiously and cozily old-fashioned. Much more could not be considered either dada or surreal and has been introduced on fortuitous and specious grounds. This is sad, for there are included some masterworks, on loan from the United States or the Continent, which it is good to see again, "in the flesh," so to speak. But as a movement, Dadaism summarized it, exactly in his attack on Breton and the first surrealist manifesto. "There is only one movement, and that is perpetual motion," he said.

Conroy Maddox Surrealism Unlimited 1968/1978, Camden Arts Center, Arkwright Road, London N.W.3, to March 5. One of the few consistently surrealist Britishers, Conroy Maddox has at last been accorded the long overdue honor of a full-scale retrospective. Consisting of more than 100 collages and paintings, from 1927 to the present, it shows how an intelligent maker of images can at first work within, and later come to enlarge, the boundaries of an accepted tradition. The show, "Surrealism Unlimited," comprises almost 200 works completed in the past decade by neo-surrealists of 20 countries. Inevitably, there are some nonsense here, but good things also, especially from the Paris-based group "Phases." Canadians Ludwig Zeller, Yo Yoshitomo and Susana Wild.

and a large and talented contingent from Chicago.

George Downes, Dryan Galleries, 7 Finsbury Place, London W.3, to Jan. 30.

This intensely lyrical and romantic painter was virtually self-taught and learned well from close observation of Bruegel, Goya, and La Tour. Equally skilled in making still lifes and figure compositions against undulating and foliate backgrounds, and abstractions which he calls "Cosmic Gardens," Downes is a subtle collector of much distinction.

Light Fantastic 2, Royal Academy of Arts, Piccadilly, London W.1, to March 27.

The exhibition catalogue defines a hologram as "the reconstruction of an object or scene as a complete three-dimensional image." Presented by Holoco, a group name which covers the partnership of Nick Phillips, a senior university lecturer in physics, Anton Purr, a movie special-effects technician, and John Wolff, laser-technician and lighting specialist for The Who, a pop music group, this new exhibition of holograms displays marked in-

novations, including the pulsed laser, which facilitates "moving" holography, and the wave laser, which gives an image apparently recessed into the wall onto which it is projected.

Motherwell, Royal Academy of Arts, Piccadilly, London W.1, to March 19/Exhibition Ch. J. 143 New Bold Street, London W.1 (no closing date).

Under the title "Paintings & Collages 1941/1977," the Royal Academy has given over two of its best galleries to an impressive retrospective of the work of Robert Motherwell, the most articulate as well as the most thoughtful of abstract painters. He has spoken of the two modes of painting, "discovery and invention" and "joy and variation." In his earlier work these two modes were seldom reconciled, but in his recent paintings, even more than in the collages, and under the influence of his readings in Oriental art theory, the two are harmonized in a most satisfying manner. The Motherwell exhibition shows that Motherwell's splendid creations are equally at home in more intimate and opulent surroundings.

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ARTS AGENDA

"Gaîté Parisienne," with a new story and choreography by Maurice Béjart and the Offenbach music arranged and orchestrated almost 40 years ago by Manuel Rosenthal under that name, will be the 100th work created by the Ballet of the 20th Century. It will be given a series of 12 performances from Jan. 27 through Feb. 9 at the Théâtre de la Monnaie in Brussels with Rosenthal conducting. The program also will include Béjart's recent version of Stravinsky's "Petroushka," in which the title role will be shared by Jorge Donn, of the Brussels company, and Vladimir Vasiliev of the Bolshoi.

A reading will be held Jan. 23 from 7 p.m.

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Toshiba's Net Down 95% on The Half-Year

Sales Up but Firm Is Hurt by Yen's Rise

TOKYO, Jan. 20 (AP-DJ)—Tokyo Shibaura Electric's consolidated net profit fell 95 per cent to 134 million yen (\$554,000) in the half year ended Sept. 30 from 2.65 billion yen in the year-earlier period, and was down 81 per cent from 724 million yen in the previous six months.

Consolidated sales, however, rose 9 per cent to 726.58 billion yen from 688.44 billion yen in the year-earlier period and up 1 per cent from 717.87 billion yen in the previous period.

Exports showed a year-to-year increase of 38.1 per cent to total 158.47 billion yen.

Toshiba officials attributed the sharp profit drop to sluggishness in sales of home electric products and communications equipment.

Foreign-exchange losses were also an unfavorable factor for the company, totaling about 4 billion yen as a result of the steep rise in the yen's value against the dollar, the officials said.

Toshiba says the outlook for the remainder of the fiscal year is uncertain due to sluggish domestic demand and the yen's steep appreciation.

Dai Nippon Printing

Dai Nippon Printing reported today that its profit in the first half ended Nov. 30 rose 5.4 per cent to 6.58 billion yen from 6.18 billion yen in the year-earlier period.

Sales were up 8.8 per cent to 168.58 billion yen from 153.3 billion.

The company forecasts that for the year ending in May profits will be up around 3 per cent at 13 billion yen while sales are expected to rise 8.5 per cent to 332 billion yen.

Hill Samuel Minority Interest Sold to Arab and U.S. Banks

LONDON, Jan. 20 (AP-DJ)—The Hill Samuel Group, one of the 11 London merchant banks that has the right to discount Treasury bills with the Bank of England, sold today that it has agreed to sell a minority interest in its equity to Banque Arabe et International d'Investissement (BAII) and First City Bancorporation (FCBI) of Texas.

Sir Kenneth Keith, Hill Samuel's chairman, said that he attaches more importance to establishing a business relationship with the two minority partners than to the inflow of \$9.3 million resulting from the sale of new shares.

Under the agreement, BAII will purchase \$3 million new ordinary shares of Hill Samuel at 61 each. In addition, it will purchase a \$4-million, 15-year Hill Samuel convertible bond bearing a coupon of 7.5 per cent. The bond is convertible from July 31, 1980, at \$2.20 per share.

5.2% Holding

As a result of the stock purchase, BAII will own 5.2 per cent of Hill Samuel's enlarged equity and if it exercises the bond-conversion right, its ownership will be raised to 9.7 per cent.

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FINANCIAL NEWS AND NOTES

Ciba-Geigy Group Sales Up 5%

Ciba-Geigy group sales last year rose 5 per cent to 9.94 billion Swiss francs (\$4.95 billion) and while group profit is expected to be higher than in 1976, the pharmaceuticals and chemicals giant says it will not match the 1973 and 1974 levels. Sales and earnings were hurt by the strong rise of the Swiss franc, particularly in the fourth quarter, the company says, trimming the growth figures in Swiss francs by 5 percentage points. The sharpest sales gain was shown by its plastics and additives division with a rise of 11 per cent to 1.78 billion francs. Agrochemicals were up 8 per cent to 2.47 billion francs and pharmaceuticals sales were up 4 per cent to 3.8 billion francs. The only division to show a decline was dyestuffs and chemicals, where sales were down 3 per cent to 1.98 billion francs.

Ford Cuts Inventories

Ford Motor will close temporarily one of its car-assembly lines next week to help reduce inventories of full-size cars on dealer lots. The closing is Ford's first for inventory problems since it introduced its 1978 models in early October. Recently, new-car sales have been running below industry expectations. Sales of Chrysler and American Motors have been particularly soft and both companies have closed several assembly plants for varying periods in an effort to control inventories. Until now, General Motors and Ford have largely avoided major production adjustments, although GM has eliminated much of the overtime it previously planned.

Ford's move indicates that the No. 2 automaker is concerned about the sluggishness of new-car sales.

Sanyo to Make TV Sets in Italy

Sanyo Electric Co. of Japan plans to start producing color television sets in Italy for sale in the European market. Sanyo has acquired a 30-per-cent stake in a Florence-based electric company, Emerson Electronics, whose capital has been increased to 3.57 billion lire (\$4 million) from 2.5 billion lire. Initial production capacity would be 50,000 sets a month for marketing under the joint brand names of Sanyo and Emerson. Sanyo, which makes about two million sets a year in Japan, will also provide the Italian firm with technical assistance.

VW Retains Top Spot in W. Germany

Volkswagen retained its traditional top share of the West German new-car market in 1977, capturing 30.8 per cent of the market, up from 28.5 per cent the previous year. Overall, new car registrations rose 10.8 per cent last year to 2,561,278 cars. Imports totaled 22.6 per cent of the market, up from 21.7 per cent in 1976. The office listed the number of registered new cars in 1977 compared with 1976. In second place behind VW was Opel, the GM affiliate, with 19.3 per cent, Ford with 14.4 per cent and Daimler-Benz with 8.6 per cent. Renault was the biggest import, capturing 4.9 per cent of the market, down from 5.8 per cent a year earlier. Fiat was next with 4.4 per cent.

Central Banks' U.S. Notes at Peak Level

NEW YORK, Jan. 20 (Reuters)—Concern that U.S. efforts to firm the dollar would lead to reduced foreign buying of Treasury issues should be at least partially dispelled by the latest Federal Reserve banking report, analysts said today.

The Fed report issued late yesterday shows that its custody holdings of marketable government securities for foreign and international accounts surged \$1.79 billion during the week ending Jan. 18 to a record \$70.71 billion.

The latest gain comes on the heels of last week's rise of \$230

million, bringing the increase in custody holdings since announcement of the joint Treasury-Federal Reserve program to support the dollar to \$2.5 billion.

The current increase is the 20th in 22 weeks, a period in which holdings increased by \$19.4 billion.

At \$79.7 billion, custody holdings are almost \$27.7 billion higher than in the comparable week a year ago, the Fed said.

A Fed spokesman said large changes occurred in "a couple of dozen" accounts with 70 per cent of the increases.

He also noted six "very, very large changes" evenly divided between OPEC and European accounts.

Overall, he said, the mid-month oil payment period covered by this week's data had some effect on the increase in custody holdings.

However, some analysts suggested that even allowing for a large part of the increase to be OPEC-related, there probably was a substantial increase from European accounts as well.

They said this could support the argument by some economists that rather than curbing the buying of U.S. issues (NYT, Jan. 12), prospects of a stronger dollar may actually be resulting in increased willingness to hold such investments.

Recess Challenges Policy

WASHINGTON, Jan. 20 (AP-DJ)—Rep. Henry Reuss, D-Wis., chairman of the House Banking Committee, today challenged the idea that continuing U.S. interventions in foreign exchange

markets would stem the dollar decline.

"If we peg our currency to the mark, we lose control of domestic monetary policy to the Bundesbank," representing a grave threat to the independence of the Federal Reserve, he said. "We can't afford it; we must maintain the monetary flexibility to pursue continued domestic expansion."

U.K. Inflation At 3-Year Low

LONDON, Jan. 20 (AP)—Britain's rate of inflation is at its lowest level in four years, the Department of Employment announced today.

Reporting cost-of-living figures through December, the department said that inflation for 1977 as a whole was 12.1 per cent, the lowest annual growth rate since January, 1974. In December, prices rose 0.5 per cent.

The annual rate in November was 13 per cent, and December was the sixth successive month in which the rate fell.

The news was a boost for Prime Minister James Callaghan's Labor government, which has promised that a single-figure inflation rate will be achieved early this year.

Competitors' Status

Despite the improvement brought about by stabilizing food and commodity prices and lower wage settlements, the cost of living in Britain is still increasing faster than in most of its major industrial competitors.

Soviet Oil Field Openings in Key Stage

By David K. Shipley

TYUMEN, U.S.S.R. (NYT)—The Soviet Union, the world's largest producer, is about to enter a period of growing hardship and expense in developing its vast petroleum reserves to meet the soaring need for energy.

Already dependent on oil from beneath the harsh, uninhabited flatlands of western Siberia, the Russians now face the enormous task of conquering new stretches of hostile wilderness in the region as their most productive and accessible oil fields begin to lag.

Their success or failure will have great impact on the worldwide oil market in the next decade, and inevitably on the prices that the rest of the world pay for fuel. If the Russians cannot drill new wells and build new housing, roads, railroads and pipelines fast enough in this forbidding environment, their nationwide production may slow its growth and ultimately decline, forcing them to stop exporting oil, as they do now, and begin importing it from the Middle East. The added demand would drive up prices for Western buyers.

Clear evidence of the coming problems was provided this week by a well-placed Communist party official, who said that the country's largest field, Samotlor, is expected to end its growth in output as early as next year, reaching 3 million barrels a day—over one-fourth of total Soviet production—stabilizing at that level for seven or eight years, then declining, "perhaps sharply."

Nevertheless, the official, Sergei Vilkopolsky, party secretary in the Samotlor district's main city of Nizhnevartovsk, told U.S. newsmen that the loss could be more than made up for, by putting new fields into production.

"In more difficult conditions it will cost more," he declared. "But we have already opened many fields in western Siberia in difficult conditions. We will encounter difficulties, but we will achieve our goal."

Kissinger Advises Bank

NEW YORK, Jan. 20 (AP-DJ)—Henry Kissinger has joined the Wall Street investment bank of Goldman Sachs as consultant, to advise on how international political developments affect the firm and its clients.

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Market Dips In Reaction to Carter's Plans

Wall Streeters Cite Lack of Inspiration

NEW YORK, Jan. 20 (AP)—New York Stock Exchange traders who made it to snowbound Wall Street today showed disappointment over President Carter's State of the Union message and his economic report to Congress.

Analysts said, however, that it was difficult to assess the full impact of the administration's latest proposals because trading volume was extremely thin.

The NYSE and the American Stock Exchanges opened two hours late and, when trading finally began at noon, prices moved immediately into the red and stayed there throughout the session.

Prices closed narrowly lower Friday on the New York Stock Exchange in sharply curtailed trading due to a heavy snowstorm in New York City.

The Dow Jones Industrial average closed down 1.73 at 776.94. It was off almost four at its low for the day.

A total of 815 issues, declined with about 525 higher.

Volume totaled about 1 million shares, less than a third of the 21.5 million of yesterday.

Some brokers said early selling and the general downward bias today were due in part to an early decline in the dollar on some foreign exchanges. The dollar closed mixed.

American Broadcasting Companies, the most active on the Big Board, was one of its prominent losers, dropping 1 3/4 to 35 3/4.

Boeing Stock Off

Among other activities, Boeing, in second place among the top 10, fell 3/8 to 26 3/8. Marshall Field gained 3/8 to 32 3/4. General Motors was unchanged at 59 3/8 and IBM fell 1/4 to 266 1/4.

Market analysts said the President's State of the Union message yesterday and his economic report to Congress today failed to inspire confidence.

The President told Congress that the government has abandoned its goal of cutting inflation to 4 per cent by 1979 and now expects a 5-per-cent annual rate. He said the government has cut its growth target for real gross national product to 4.5 per cent over the next several years, against earlier projections of just over 5 per cent.

Prices were higher on the American Stock Exchange in this trading. The Amex index rose 0.24 to 121.55.

Stock volume fell to 1.5 million shares from 2.57 million yesterday and options volume was 30,893 contracts, compared with 40,301 contracts yesterday.

The Chicago Board Options Exchange had a total of 90,946 contracts traded, compared with 109,841 yesterday.

Citicorp Stock Repurchase Assailed

By Judith Miller

WASHINGTON, Jan. 20 (NYT)—Controller of the Currency John Heimann has criticized Citicorp, the nation's second largest banking concern, for shrinking its capital base through a stock repurchase program that it had just completed.

In a letter dated Dec. 16, Mr. Heimann, who regulates the nation's 4,700 nationally chartered commercial banks, expressed "concern" over the bank holding company's repurchase program. A corporation's equity capital consists of its common stock.

The letter also expressed Mr. Heimann's objection to any "reduction of bank or bank holding company equity at any time." At least two other national bank holding companies—the First Kentucky Corp. and the Security Corp., Ohio—have announced stock repurchase programs similar to that of Citicorp.

What constitutes an adequate level of capitalization is a hotly debated issue among bankers and bank regulators. While the shrinking of a bank's capital does not imply any instability or financial difficulty, a bank's equity capital is supposed to provide a cushion against an economic downturn or unforeseen misfortune.

Banker's Reply

The controller's office made Mr. Heimann's letter public this week. It was addressed to Walter Wriston, chairman of Citicorp, the parent holding company of Citibank, which ranks second in size to the Bank of America.

In a letter to Mr. Heimann, Mr. Wriston defended the program as "a sound management decision" and "in the best interests of all our various constituencies."

In October, Citicorp had announced that it would buy up to 3 million of the 126 million outstanding shares of its stock on the open market. The corporation said yesterday that it had reached its goal. Such repurchases serve to reduce the number of shares outstanding, thereby increasing earnings per share.

In his letter to the controller,

Mr. Wriston stated that the corporation's directors had decided "to take advantage of the depressed equity market" through the repurchase program. Mr. Wriston said that the entire program would involve "less than 10 weeks of Citicorp's earnings in order to acquire less than 3 per cent of its outstanding shares (or under 2 per cent of its total capital funds)." He added that with the passage of time the program, through dividends saved on the shares, would "enhance our ability to access capital markets in the future."

Finally, Mr. Wriston noted that Citicorp's capital of \$4.1 billion and Citibank's capital of \$3.3 billion respectively "represent the largest capital of any privately owned bank holding company and bank in the world."

In his letter, however, Mr. Heimann stated that Citicorp "does not appear to be over-capitalized." He also noted that Citicorp's rationale for the program was that if Citicorp enjoys an "extrapolated 10-15-per-cent annual earnings growth," "its equity base will probably increase through debt conversion, exercise of stock options and satisfactory internal capital generation."

Earnings Decline

"Nonetheless," the controller said, "it is always possible that earnings projections will not be realized."

Citicorp reported Wednesday that operating earnings fell 17 per cent in the fourth quarter from the year-earlier level and that earnings for all of 1977 dropped 5.9 per cent—the first yearly profit decline for Citicorp and its predecessor companies since 1961.

Mr. Heimann said in an interview that his office has no authority to prevent banks from reducing their equity capital, but the letter puts all national banks on notice that the controller is opposed to such actions at this time.

The controller's office has supervisory authority over Citibank; Citicorp, its holding company, is regulated by the Federal Reserve. A Fed official said that bank

holding companies must notify the agency 45 days in advance of reducing their capital bases by more than 10 per cent.

However, Citicorp's stock repurchase program reduced the corporation's equity capital by far less than 10 per cent.

U.S. Inflation Up 4% in Dec., 6.8% in Year

WASHINGTON, Jan. 20 (UPI)—Consumer prices in the United States rose 0.4 per cent in December, ending 1977 with a 6.8-per-cent annual inflation rate—far above the previous year's figure, the Labor Department said today.

Food prices were blamed primarily for the higher inflation rate during President Carter's first year in office. The inflation rate was 4.8 per cent in 1976, Gerald Ford's last year in the White House.

No significant reduction of inflation is expected in 1978, and economists generally believe that Mr. Carter's new voluntary anti-inflation program will have little impact.

The 1977 inflation rate was high by historical standards, but compared favorably with rates of 12.3 per cent in 1974 and 7 per cent in 1975. Inflation was greatest during the early months of 1977 when severe winter weather caused food and fuel shortages.

In December, food prices rose 0.2 per cent. Other goods rose 0.5 per cent and services were up 0.5 per cent. The consumer price index was 186.1—meaning that goods and services costing \$100 a decade ago now cost \$186.10.

Food prices rose 8 per cent throughout 1977, following an increase of only 0.6 per cent in the previous year. Coffee prices were up 47.6 per cent last year, somewhat less than in 1976.

Prices for new cars, fuel oil and gasoline also rose more in 1977 than in 1976.

Commodity prices other than food rose 4.9 per cent in 1977, and services were up 7.9 per cent.

Spensible Earnings Off

WASHINGTON, Jan. 20 (Reuters)—U.S. real spendable earnings fell a seasonally adjusted 0.3 per cent in December after a 0.6-per-cent drop in November, according to the Labor Department.

The decline left earnings 3.4 per cent ahead of the level of December, 1976. Earnings had risen by only 0.1 per cent the previous year.

Tax cuts during 1977 were the primary reason for the improved performance for earnings after adjustment for inflation and tax payments.

In its report today the Labor Department said that during December average hourly earnings rose by 0.4 per cent, compared with 0.2 per cent in November, but 0.3 per cent in both months.

The net result was an increase in average weekly earnings of 0.1 per cent in December, compared with a 0.1-per-cent drop in November.

After adjustment for inflation, average weekly earnings fell by 0.3 per cent in December, compared with a 0.6-per-cent drop in November.

The department said gross average hourly earnings were unchanged in December at \$5.41.

Spendable average weekly earnings for a family of four hit \$178.08 in December, up from \$177.28 in November and \$181.34 a year earlier.

Company Reports

Revenue, Profits in Millions of Dollars

Fourth Quarter	1977	1976	Second Quarter	1977	1976
Revenue	757.1	658.5	Revenue	398.5	337.8
Profits	35.9	41.2	Profits	6.9	8.5
Per Share	1.28	1.48	Per Share	0.75	0.91

Fourth Quarter	1977	1976	Fourth Quarter	1977	1976
Revenue	2,900.0	2,900.0	Revenue	439.4	459.4
Profits	123.0	117.7	Profits	49.3	45.5
Per Share	4.70	4.19	Per Share	0.90	0.97

Fourth Quarter	1977	1976	Fourth Quarter	1977	1976
Revenue	821.4	743.5	Revenue	524.9	465.8
Profits	44.8	39.8	Profits	26.4	32.3
Per Share	1.27	1.13	Per Share	0.98	1.20

Fourth Quarter	1977	1976	Fourth Quarter	1977	1976
Revenue	3,433.0	2,943.0	Revenue	2,100.0	1,880.0
Profits	195.2	143.8	Profits	118.2	109.6
Per Share	5.58	4.14	Per Share	4.39	4.10

Fourth Quarter	1977	1976	Fourth Quarter	1977	1976
Revenue	523.4	478.4	Revenue	34.0	24.2
Profits	59.0	64.4	Profits	1.43	1.03
Per Share	0.63	0.83	Profits	32.4	22.4

Fourth Quarter	1977	1976	Fourth Quarter	1977	1976
Revenue	2,090.0	1,910.0	Revenue	120.3	80.1
Profits	192.7	183.3	Profits	5.04	3.78
Per Share	2.86	2.30	Profits	117.7	87.8

Fourth Quarter	1977	1976	Fourth Quarter	1977	1976
Revenue	423.9	409.9	Revenue	158.5	120.5
Profits	38.4	35.1	Profits	5.93	4.61
Per Share	1.41	1.34			

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B—After Securities Transactions.

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Franz Klammer after placing fourth in downhill ski.

Downhill to an Outsider as Klammer Places 4th

INZBUEHEL, Austria, Jan. 20 (UPI)—Three outsiders pulled from under the big stars by placing 1-3-3 in the 40-year-old World Cup downhill race before next week's ski world championships.

Opp Walcher, fighting for 10th place in the world championships, pulled from under the big stars by placing 1-3-3 in the 40-year-old World Cup downhill race before next week's ski world championships.

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Five Nations Play Opening in Rugby With New Mood

By Bob Donahue

PARIS, Jan. 20 (UPI)—Game old men risk being run to death when the Five Nations championship starts tomorrow. Rugby in Europe would like to turn a new leaf.

Not that the French heroes of, say, England vs. France at Twickenham last year looked a desperate, grueling game. The hope, which has seeped up to most rugby officials from the masses of players and fans, is simply for a happier game.

France will try to play it against England here tomorrow. In Dublin, Irish youth and light armor face a Scottish team with seven men aged 30 and over. Wales will play the first of its four matches on Feb. 4.

Cues have come from the antipodes. Britain was agog this week over a touring clutch of Australian schoolboys who lose the scrums and line-outs but win the game. They run with the ball.

New Zealand's new-look All Blacks did a similar service in France recently. As a peevish, past-staid Frenchman and the score was 4-3, the grand old man of French rugby commentary, Robert Barran, rose furious over the crowd like an Old Testament prophet and bellowed: "THAT is the way to play rugby!" The crowd applauded.

The new mood suits some of the stars—Welshmen Gerald Davies and Gareth Edwards, Scotland's Andy Irvine and Alistair McGarry, France's Jean-Pierre Rives and Jean-Claude Skrela, Ireland's Eugene Slattery and Tony Ennor, to name a few—who make the annual five-Saturday serial one of Europe's top television events.

Familiar faces that will be missed tomorrow include Roger Uttley and Fran Cotton of England, French halfbacks Jacques Fouroux and Jean-Pierre Romen, Gordon Brown of Scotland and Ireland's Mike Gibson.

All four of tomorrow's teams will have new captains Scotland and Ireland have new captains. A sprinkling of rookies in the French and Irish teams will carry much of the burden of the new year's hope for a Five Nations showcase of inspired open rugby.

France, since 1976, and England, since last year, have joined or surpassed Wales at the top of the pile. France won all four games last year, Wales won all but its match in Paris and England lost only to those two, nearly beating France at Twickenham.

It follows that the key matches this year fall on the first, second and fifth Saturdays. England here tomorrow, Wales at Twickenham on Feb. 4 and France in Cardiff on March 12. Now that England and France have organized to exploit the potential that their size implies, the smaller countries are swimming against a current which threatens to relegate them in a virtual second division.

Wales is not in that backwater yet. It may never be, such is its fervor for the game. But gloom has turned up in the valleys, after a decade of world prominence. Those Australian schoolboys took Wales apart last month. France won the annual B-level match. And Wales, of all the contributors to the British Lions team which was shocked in New Zealand last year, suffered by far the greatest loss of prestige: more than half the Lions party were Welsh. Phil Bennett was captain and John Dawes was coach.

Swaggy Hides Worry

Tomorrow's game, Bennett, Davies, J. P. R. Williams, Terry Conner, Derek Quinnell, Geoff Wheel and company will be on review against Welsh "possibles" in the annual trial match at Cardiff Arms Park. Twickenham, where Wales will open its season two weeks later, has been sold out since November. English authorities report that applications for seats broke the records.

Ireland and Scotland, who meet in Dublin tomorrow, are both pretending to be cocky. For the Irish, especially, swaggy hides worry.

Rugby is a lesser sport, on the island, but all the more cherished because of its unique, unpublished achievement in uniting north and south. But Irish fervor in the Five Nations championship has declined noticeably every year since Ireland won it for the first time since 1961 with two victories and a draw in 1974.

Ireland won both its home games in 1975. Senior stars Willie John McBride, Ray McLaughlin and Ken Kennedy retired at the end of that season, and a kaleidoscope of on-again, off-again players has produced only one victory since. The Irish were whitewashed last year. Their fear now is that if they cannot beat Scotland tomorrow, they may not win a game for a long time.

They sit out the second Saturday on Feb. 4, come to Paris for a likely drubbing on Feb. 18, and Wales at home on March 4 and go to Twickenham on March 18. All this with a new coach, Munsterman Noel Murphy, a new captain, John McInerney, and five untied players.

New standouts Tony Ward, wings Freddie McLennan and Tom Grace and fullback Ennor should provide dash behind Willie Duggan's mobile pack, which has lineout ambitions. Short on power to front and experience in back, the team will have to be long on motivation.

Not a Single New Face

There was some question of bringing former lock McBride, the world's most often selected international rugger, back out of retirement at age 37. One hopes the idea will not come up again in the next few weeks.

Like the Irish, the Scots had their trial on Jan. 7. Three losses ceased. The selectors came up with a Duff's Army reminiscent of Ireland's in the early 1970s. Not a single new face. And a front row totaling 96 international appearances and 96 years.

Experience will not be the problem for Ian "Mighty Mouse" McLauchlan, 35, Dundee Mad-

offensive team caused by loss of momentum.

"No, I'm not saying that," he answered. "But it goes too hard to keep the men up. Then, when they're finally up, they're sky high."

He said there had been some criticism of him for permitting the team to bring their families with them to New Orleans. It was suggested that with the families around, concentration on the game became difficult.

"I don't think that's so," he said. "If I had that to do over again, I'd do the same thing. I think it helped the team having families there."

As for the 27-10 loss, Miller refused to regard it as simply an inept performance by his team. "It looked like to me if the ball had taken a few different bounces, like down there on the 1-yard line at the beginning of the game,

things might have turned around a little."

No Trouble Reported

Would he start Craig Morton at quarterback if the game were to be played again?



sen, 30, and 33-year-old Sandy Carmichael, who will be playing his 50th game for Scotland tomorrow. McIlrath is an evergreen 33. Behind the scrum, new captain Doug Morgan is 30, ex-captain Ian McGeechan is 31 and wing Dave Shedden is 32.

Oving has been moved to the wing to make room for another British Lion, Bruce Hay, at fullback. As it happened, a post-trial injury made room on the flank for a new man, Hawick captain Brian Hegarty. The rookie is 27.

New coach Natn MacGowan is only 35. He took a Scottish party to the Far East in September (they beat Japan 74-9) and came back ending newly and confidence. He promises 15-man rugby, fair in the backs and points on the score-board. He says he fails to see why Scotland's chances to win the championship are not recognized by one and all.

They are not, but of course one and all have been wrong before. It may perhaps be safely said that Scotland's home games, against France on Feb. 4 and England on March 4, will be no lack for the visitors. Scotland's other match will be at Cardiff on Feb. 18.

Odds Against a Repeat

France and England, have first to contend with each other. Here is another sellout. As Nigel Horton, the England lock who has attracted so much interest by settling in Toulouse, put it well this week, "This is going to be some match."

More than half a century has passed since any country won the grand slam in consecutive years. England having done it in 1923 and 1924. France won the grand slam last year. The odds against a repeat are enormous. So big, in fact, that it might make a good bet.

History suggests another extreme. The worst French showing in the championship in the last 20 years was in 1969, when they lost three matches and drew at home with Wales. That collapse followed on the heels of the first French grand slam, in 1968. The great 1977 team, which swept the championship without allowing a try or using a substitute, has indeed shown signs of failing apart.

But there are other signs. Prop Robert Paparoube, who has been grimacing furiously to be fit for the speed that the new mood portends, spoke this week of exaltation in the air, as if big things were coming. Fouroux's team had a great record. The 1978 team led by Jean-Pierre Bastiat would like to play great rugby—without necessarily the same thing.

Fouroux resigned rather than be sacked. Rometu was sacked. Center Francois Sangalli gave notice that he was unfit. Wing Dominique Harize has been forgotten. The eleven other grand slam veterans have been trimming furiously.

Back from a controversial ban (for changing sides) comes Jean-Francois Gourdon, probably the best right wing in the country. Sangalli's and hotelkeeper Bernard Vivie, both 22 and both selected to open up the French game.

If coach Jean Desclaux was allowed to keep his grand slam pack intact despite an expected housecleaning, it was in good part out of respect for England. Cotton, Peter Wheeler, Robin Cowling, Horton and Billy Beaumont, the new captain, make a peerless front five. Unless Paparoube, Alain Peco, Gerard Cholley, Michel Palmis and Jean-Francois Imbertson can improve on their Twickenham showing last year.

They mean to. Cotton's knee injury, despite the proven wiles of stand-in Mickey Burton, should make it easier. On the other hand, Scott and Wheeler were outstanding with the Lions. It remains to be seen whether Beaumont, a 6-4 salesman, can match the leadership given by schoolteacher Uttley last year.

Beaumont is only 25, but this team, like Scotland, compares unfavorably on the age scale, with six men over 30: Burton, Cowling, flanker Peter Dixon, scrumhalf Malcolm Young, stand-off Alan Old and center Barrie Corless. A revolutionary, countrywide talent hunt in recent weeks yielded only two new faces. No. 8 John Scott, and full-back David Caplan, and a captain has since had to be replaced by Duff's Harie.

Rives, Skrela and Bastiat, often called the world's best back row, are some challenge for Dixon, Mike Rafter and Scott. England's reputation for flair in the back division has yet to be remade.

Mud threatened at the Parc des Princes as snow melted on the field today. Referee Norman Sanson, whom France has criticized in the past for hashing play with frequent penalty calls, will have his effect on the style of play. He and millions of spectators will be hoping that Palmis, Horton and friends have perspired the public yearning for a new spirit in an old game.

Miller Says Morton Is Still His Quarterback

NEW YORK, Jan. 20 (UPI)—Red Miller was in his Denver Broncos office again this week, starting work on the 1978 season, but he paused to reflect on the defeat of his team in the Super Bowl by the Dallas Cowboys on Sunday.

"Do anything different?" he said in reply to a question. "Well, one thing would be to play 15 guys on the field and put two such on Harvey Martin and Randy White."

How High Is Up?

"Do anything different? If I had the power, which I don't, I wouldn't wait two weeks between the end of the playoffs and the Super Bowl. I think it ought to be played right after, with no pause between. I think you get to keep your momentum that way."

Was the poor showing of his

offensive team caused by loss of momentum?

"No, I'm not saying that," he answered. "But it goes too hard to keep the men up. Then, when they're finally up, they're sky high."

He said there had been some criticism of him for permitting the team to bring their families with them to New Orleans. It was suggested that with the families around, concentration on the game became difficult.

"I don't think that's so," he said. "If I had that to do over again, I'd do the same thing. I think it helped the team having families there."

As for the 27-10 loss, Miller refused to regard it as simply an inept performance by his team. "It looked like to me if the ball had taken a few different bounces, like down there on the 1-yard line at the beginning of the game,

things might have turned around a little."

To Seek Redskins' Post

Pardee Resigns as Coach of Bears

By William N. Wallace

NEW YORK, Jan. 20 (UPI)—Jack Pardee resigned yesterday as head coach of the Chicago Bears on the heels of George Allen's dismissal as coach and general manager of the Washington Redskins the day before.

Allen had played and coached for Pardee in Los Angeles and Washington, said he would immediately apply for the Redskins job.

This was the latest development within the head coaching ranks of the National Football League—with more to come.

Would Carroll Rosenbloom, owner of the Rams, have the audacity to hire Allen as his new coach against the wishes of many of his players and staff members?

Whom would Jim Finks, the general manager of the Bears, seek out to replace Pardee following an unexpected resignation?

When would the other shoe drop in St. Louis, where Don Coryell's discharge seemed imminent?

What role was being played by Gregory Hootkstraten, a Los Angeles attorney who has represented Allen, the Rams, and Pardee?

The emerging picture begins with Edward Bennett Williams, the noted Washington attorney who serves as president of the Redskins. He announced last July 14 that Allen had agreed to a four-year extension of his original seven-year contract that according to reports would lift his salary from \$125,000 to over \$300,000.

But Allen never signed the contract and negotiations between Hootkstraten on Allen's behalf and Williams dragged on for months. One issue was stock in the Washington franchise, finding some way that Allen could exercise an option to buy 5 percent at a 1989 price. "Three weeks ago I thought we were all set," said Hootkstraten by telephone from Los Angeles.

Williams, meanwhile, was suspicious of Rosenbloom and suspected that the Rams were dealing with Hootkstraten for Allen's services. Allen was given an ultimatum last weekend to close the deal and the coach could not immediately reach his attorney, who was in New Orleans and Chicago.

The dismissal by Williams came as a shock to both. "I couldn't believe it," said Hootkstraten. Allen learned of the announcement late Wednesday night from his son Greg, who had heard it on the radio.

"On a Rough Sea"

Hootkstraten said he was not aware that Pardee had resigned from the Bears' position and was seeking the Washington job. "I've been on a rough sea with Williams the past few months," he said. "I'm afraid Jack is going to have to go it alone in making a deal with the Redskins or seek other counsel."

There was reason to believe that Williams, disenchanted with Allen's extravagant ways, wanted to unload his coach and general manager and had Pardee lined up as a successor.

Allen was angry at Williams. "He hasn't supported me at all," he said. "He's devious and deceitful. Another thing I don't appreciate is having somebody call me up at 11 o'clock at night and tell me if I didn't change quarters, I'm not going to get a new contract."

Williams replied, "I regret George has said some of these things. I hold George in warm regard and he is an excellent coach. I am sorry I was not able to sign him. I was convinced he was negotiating with Los Angeles and I was determined not to sit and react to what Los Angeles did."

5 Times in Playoffs

Williams in 1981 signed Allen, who had led the Bears' head coaching job after a dispute with the owner, the late Dan Reeves. Allen had the Redskins

in the playoffs in five of the subsequent seven seasons.

Allen denied he had in mind the Rams job, which opened up last week after Chuck Knox, the coach, resigned and signed with the Buffalo Bills.

"I always thought this would be my last coaching job," said the 55-year-old Allen. "I wouldn't have planted apple trees I brought down from Carlisle (the Redskins' training camp at Carlisle, Pa.) if I planned to leave here."

Don Klosterman, general manager of the Rams, held to the party line. He said, "We were shocked to hear of his firing. George Allen is one of the best coaches in the league. We have not talked to him about the job here."

At Tampa, where 10 of the best Ram players were preparing for the Pro Bowl game on Monday night, the reaction to the prospect of the return of Allen to Los Angeles was less than enthusiastic. "If he's coming," said Isaiah Robertson, the linebacker, "I'm going."

"The Same Emotions"

The 41-year-old Pardee, who last season brought the Bears into the playoffs for the first

time in 14 years, said in Chicago, "I love this community and this team. But there are the same emotions I have for Washington. I have to get out here to talk to the Redskins or I won't have a job anywhere."

Pardee quit following a meeting early yesterday with Finks, who offered a new contract. Finks said, "Nobody has to underestimate Jack's role with the Bears."

"He made a big contribution and we wish him well, whether he gets the Redskins job or not. We have more plans for the future but I do keep my eyes open about what's coming on in this business."

There have been some coaching changes in the NFL since the season ended and the draft is expected in St. Louis where Coryell is in discussion with the Cardinals' owner, Bill Edwards, but has a contract through 1980.

New coaches to replace Knox in Buffalo replacing Jim Rango; Sam Rutigliano in Cleveland for Forrest Gregg; Gary Levy in Kansas City for Tom Bettis, who had replaced Paul Brown in October; Monte Clark in Detroit for Tom Huschka; and Pete McClellan in San Francisco for Ken Meyer.



Eddie Mathews receives a kiss from his wife Elizabeth.

Mathews in the Hall

NEW YORK, Jan. 20 (UPI)—Eddie Mathews, a slugging third baseman for the Braves during the 1950s and 1960s who is tied for ninth place on the all-time home run list with 512, yesterday was elected to the Hall of Fame by the Baseball Writers Association of America.

In a balloting of 378 members of the association, Mathews received 801 votes to easily achieve the 75 percent of the vote necessary for election. Enos Slaughter missed by just 24 votes and Duke Snider by 31.

Rounding out the top five vote-getters were former Dodgers Gil Hodges and Don Drysdale with 226 and 219 respectively. No one else received as many as 200 votes.

Mathews' career lasted from 1952 through 1968—most of it spent with the Braves—and during that span he drove in

1,453 runs while compiling a .271 average.

Teaming with all-time home run king Hank Aaron for 13 seasons to form the National League's most potent one-two punch, Mathews hit 30 or more homers in nine consecutive seasons from 1955-61. He hit more than 40 homers in four seasons and led the NL in homers in 1953 (47) and 1959 (46).

A relatively poor third baseman when he joined the Braves in 1952 after only three seasons in the minors, Mathews developed into a fine defensive player who established major league records for most caught steals and most chances accepted. He also holds the record for most homers hit by a third baseman—492—he also played games as an outfielder and first baseman.

Mathews, who broke into the big leagues with the Boston Braves in 1950, spent 15 seasons with the Braves before winding up his career with Houston and Detroit. He played on two world championship teams, with Milwaukee in 1957 and with Detroit in 1968. He also played on the 1958 Milwaukee pennant-winning club.

Mathews holds four NL records—most games played by a third baseman (2,154), most assists by a third baseman (2,264), most consecutive years 30 or more home runs (9), and most home runs on road, season (30). He was named to the NL All-Star team 12 times.

Following his active playing career, Mathews served a year as a coach for the Braves then managed the club for two and a half seasons.

College Basketball

East
Boston Coll. 69, Merrimack 79.
Northeastern 73, Siena 71.
St. Francis 106, Loyola 88.
W. Virginia 87, Duquesne 74.

South
A.C. State 121, N.C. Central 83.
Midwest
Kansas 51, 27, Kansas 44.
Indiana 72, Cincinnati 66.
Michigan 63, Wisconsin 64.
Michigan 63, Purdue 51.
Minnesota 60, Iowa 59.
Notre Dame 70, Villanova 69.
Northwestern 62, Iowa 59.

West
West Texas 78, Oklahoma City 71.
West
Air Force 69, Cleveland 81, 54.
St. Joseph 81, St. Louis 88.
Stanford 104, Alaska Anchorage 97.
Ole Miss 81, Arizona 69.

CLASSIFIED ADVERTISEMENTS

(Continued from Back Page)

PERSONNEL WANTED

TEACHERS NEEDED in all grades and subject areas for 1978-79 school year. Must be certified and have two years experience in K-12 school. Those interested should send resume to: Superintendent, Cairo American College, P.O. Box 100, Cairo, Egypt. Interview will be in various European cities late February.

AMERICAN WIDOWING living in English speaking country to care for her two children ages 8 and 14. Please reply to: R.J. Murphy, c/o Sealright Services, U.S. Secretary, 1 Sealright, 100, Ketterham, the Netherlands or Tel.: Rotterdam 22 22.

ENGLISH TEACHER with audio-visual experience sought for full-time work in Frankfurt. Must have valid working papers or be EEC national, and C.V. with salary to: Mrs. J. H. Gr. Eschenheimer Str. 43, Frankfurt, Germany.

BOOKKEEPER / ACCOUNTANT. U.S. national, work in Frankfurt, Germany. U.S. salary. Resume and picture to: Muller, P.O. Box 75222, 6 Frankfurt, Germany.

LIFE INSURANCE BROKERS. The lines contract available throughout U.S. and Europe. Will accept applications of foreign nationals. Some policies and rates as low as U.S. Liberal underwriting rules. We welcome inquiries. Write to: U.S. Herald Tribune, Paris.

SITUATIONS WANTED

YOUNG GERMAN WOMAN, university degree, teacher's qualification for secondary school, several languages. Write to: U.S. Herald Tribune, Paris.

SITUATIONS WANTED

SINGLE YOUNG MAN, 30 years, overseas duty work. Expert in communications. Good knowledge of English and French. Write to: U.S. Herald Tribune, Paris.

AMERICAN FINANCIAL EXECUTIVE, 42 years, Geneva based, multi-national experience. Seeking position in U.S. or Europe. Write to: U.S. Herald Tribune, Paris.

ORIENTAL COUPLE seek job anywhere. Experienced. Write to: U.S. Herald Tribune, Paris.

AMERICAN WOMAN, 30 years, experienced. Seeking position in U.S. or Europe. Write to: U.S. Herald Tribune, Paris.

YOUNG MEXICAN LADY, 20 years, experienced. Seeking position in U.S. or Europe. Write to: U.S. Herald Tribune, Paris.

AMERICAN ATTORNEY, 30 years, experienced. Seeking position in U.S. or Europe. Write to: U.S. Herald Tribune, Paris.

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